Daily Report

Central Eurasia

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FBIS-SOV-95-138 *19 July 1995*

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Lukoil Chief on Caspian Oil Field Prospects

MM1807120895 Moscow RABOCHAYA TRIBUNA in Russian 18 Jul 95 p 2

[Interview with "Lukoil" President Vagit Alekperov by Svetlana Kasumova and Ali Naibov in Baku; date not given: "Vagit Alekperov: 'I Am Afraid of One Thing — That Politics Might Prevail Over the Economy'" — first paragraph is introduction]

[FBIS Translated Text] Baku — Oil, oil pipelines, oil contracts, and petrodollars are common knowledge even for children in Azerbaijan today. Let alone adults. People in Baku gossip about the contract in the morning bread lines, and oil problems feature in every newspaper. Rare are the squabbles between the authorities and the opposition that disregard this subject. And it is no exaggeration to say that the people on whom Azerbaijan's oil renaissance depends are in great demand. One of them is Vagit Alekperov, president of the major Russian joint-stock oil company "Lukoil," which has a sizable share of the project for the exploration of the Caspian field. Our special correspondents spoke to him.

[RABOCHAYA TRIBUNA] The main stumbling block today as regards implementation of the oil contract is the debate surrounding the future oil pipeline's route. There are countless projects. It is proposed to either run the "pipeline" to Iran or Georgia or even through Armenia. Turkey wants to ship Caspian oil across its territory but it is opposed to tankers traveling through the narrow and environmentally delicate Bosporus. The Anglo-American members of the consortium flatly reject Iran's services. In Georgia political instability is alarming and in Armenia — you know what.... It looks as though there is no solution.

[Alekperov] There are two separate sets of problems regarding the export of Caspian oil. The shipment of the oil in the so-called early stages and then the bulk of the oil. There are many rumors and talk of various kinds flying around over this although the consortium has not yet examined this matter. Experts are now working on it and the final conclusions will be drawn in September.

As for "Lukoil," we advocate the use of the existing Baku-Groznyy-Tikhoretskaya-Novorossiysk pipeline. Just think about it, what is more profitable — building a new pipeline or using an existing one?

[RABOCHAYA TRIBUNA] Are you not worried by the situation in Chechnya through which this "pipeline" runs?

[Alekperov] No and no again. I said it six months ago, three months ago, and I will say it again now: I am not worried. "Lukoil" is willing to buy oil from all members of the consortium. All 5 million tonnes. Needless to say, with allowances made for our expenditure on its subsequent shipment. In other words we are thus proposing to guarantee the sale of Caspian oil.

[RABOCHAYA TRIBUNA] Comparatively recently the alternative pipeline routes included another — from the Caspian to the Aegean. Oil from the Bulgarian port of Burgas would reach the Greek port of Alexandroupolis via a fairly short overland route. Russian oil from Novorossiysk could also be delivered to Europe that way.

[Alekperov] It is a very tricky project. At one time we considered it and decided not to take part in it. Calculations showed that shipping oil through three ports at once would cost too much. Moreover, I am in charge of the Russian commission and would naturally like the Caspian oil to be shipped through Russian territory. A new terminal is now being built in Novorossiysk, due to be commissioned in 1997. "Lukoil" will then be able to ship 3 million tonnes of oil through it — our Russian oil as well as oil from Azerbaijan, Kazakhstan, and, in the future, Uzbekistan too. The terminal is being built for everyone who wants to avail themselves of the Russian oil pipeline.

We also have a project to expand the oil terminal in St. Petersburg and build a new one. Then the load on the southern sector will be eased considerably. After all, power consumption in East Europe is now increasing. In Romania alone oil refinery capacities total 34 million tonnes. But plants there are only working at 20-25 percent capacity. In short there is plenty of oil and work. Particularly here in Azerbaijan. We recently signed an agreement to explore the "Karabakh" maritime oil field, of which "Lukoil" has an extremely sizable share. Our partners in this are the Agip and Pennzoil companies. We intend to modernize telephone communications in the Azerbaijani capital so that the people of Baku can telephone Moscow and other parts of Russia freely and Russian citizens can contact Baku. I am afraid of one thing: That politics may prevail over the economy in the adoption of ill-conceived decisions.

[RABOCHAYA TRIBUNA] As a major Russian economic figure, are you able to influence Russia's policy?

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[Alekperov] No, I am not. We do our own job. My main concern is to earn dividends for "Lukoil" shareholders. Politicians have their Federation Council, the president, and the government....

[RABOCHAYA TRIBUNA] Which presumably has an oil lobby?

[Alekperov] There are people who have emerged from the oil and gas industries who cherish and understand our problems. But if our company starts interfering in politics there will be chaos. But I have never made any secret of my political sympathies: They belong to "Russia Is Our Home."

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ITAR-TASS Carries Press Review for 19 Jul

LD1907070795 Moscow ITAR-TASS in English 0555 GMT 19 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 19 (ITAR-TASS) — The press announces that Prime Minister Viktor Chernomyrdin is to deliver a report at a State Duma meeting on Wednesday about the results of the country's socio-economic development over the first six months of the year.

IZVESTIYA points out that government experts believe that there are no particular reasons "to feel shy looking at the results of the first six months of the year. Therefore, no dramatic battles in Duma are expected".

There is, though, a number of serious circumstances which mar the general picture, the newspaper's economic news analyst Mikhail Berger observes.

"The main of them is a decline in the real incomes of the population. The government regards a solution to this problem as a priority. The Premier is also expected to speak on the problem of restoring the people's savings gobbled up by inflation and raising the minimum wage so that new pay scales would take effect from August 1," the journalist writeees.

ROSSIYSKAYA GAZETA, reporting the Premier's forthcoming speech in the Duma, gives current data of the State Committee for Statistics on the socio-economic position of Russia as of July 1 and runs an analysis, prepared by the Working Economic Reforms Centre to the Russian government, of processes taking place in the country's economy.

"Experts are inclined to view two aspects as the Cabinet achievements over the first six months of the current year — the situation concerning the exchange rate of the rouble and the inflation downturn. Added to that can be a certain improvement of the state of affairs in industry. And still, the amount and quality of the achievement do not so far guarantee a solution to the main task of the year — to achieve financial stabilisation," the newspaper points out.

TRUD carries a trascript of the Moscow-Tyumen TV bridge arranged by the newspaper and Russian television. Russian Prime Minister Viktor Chernomyrdin in Moscow answered questions asked by Tyumen Region journalists. The Premier is expected to go to Tyumen later this week.

KOMSOMOLSKAYA PRAVDA carries an interview with Shamil Basayev.

"A meeting with Basayev took place in one of Chechnya mountain villages, where Terrorist number one is having a rest, has a good sleep, and gathers strength for further struggle," the newspaper writes.

PRAVDA runs an interview with Russian Justice Minister Valentin Kovalev. Much attention during the interview was devoted to the action to combat crime and drug trafficking and the activities of judicial bodies.

Many newspapers carry their commentaries on the institution of criminal proceedings against the Puppet TV programme.

IZVESTIYA quotes NTV Network President Igor Malashenko as stating that "we are witnessing an attempt to bully mass media in the run-up to the forthcoming elections".

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Kozyrev Meets Croatian Counterpart on Bosnia

LD1807192795 Moscow NTV in Russian 1800 GMT 18 Jul 95

[FBIS Translated Text] Several Western diplomats have recently been suggesting that the Croatian Government will undertake a new offensive on Serbian enclaves in Croatia, even despite the fact that such action would frighten off foreign tourists for a long time. A few hours ago Andrey Kozyrev received an assurance from Croatian Foreign Affairs Minister Mate Granic that the Croatian Army will remain in barracks.

[Begin Kozyrev recording] I would like with special satisfaction to note the minister's words that President Tudjman has decided not to resort to offensive actions or carry out military activity. [end recording]

Mate Granic confirmed that Zagreb is ready for talks with the Croatian Serbs. As expected, he expressed concern at the Bosnian Serbs' offensive against Muslim enclaves in Bosnia.

Meanwhile Kozyrev confirmed once again today that Moscow is categorically opposed to solutions by force in Bosnia.

As is known, France has proposed holding an international military operation there to save the remaining Muslim enclaves. After the talks with Granic Kozyrev said that political opportunities to regulate the conflict were far from being exhausted.

[Begin Kozyrev recording] Any plans to turn the peacekeepers toward conflict, to give them some kind of military function, would in my opinion be counterproductive and would lead only to escalation of the conflict. [end recording]

Kozyrev hopes to convince Western foreign ministers of this in London this Friday [21 July]. He said that in any case the meeting in the British capital will not be turned into a headquarters preparing a military operation in Bosnia. [video shows Kozyrev and Granic shaking hands, then addressing journalists after their talks, interspersed with clips of UN peacekeepers in the former Yugoslavia]

Stresses Safety of Peacekeepers

LD1907092395 Moscow Mayak Radio Network in Russian 0830 GMT 19 Jul 95

[FBIS Translated Text] Russian Foreign Minister Andrey Kozyrev rules out that the joint conference of foreign and defense ministers of the countries of the Bosnian settlement contact group, which is to take place in London on Friday [21 July], could turn into a headquarters to work out a military rather than a peacekeeping operation. Kozyrev said this in Moscow, speaking on the results of his meeting with his Croatian colleague, Mate Granic. Kozyrev commented that he is (?pleased) top military leaders will be present, since Russia has an interest in ensuring the safety of the peacekeeping forces in the conflict region. He stressed that political methods of settling the conflict in Bosnia are far from being exhausted.

Yeltsin Cables Yugoslav Leader on Settlement

MM1907084895 Moscow ROSSIYSKIYE VESTI in Russian 19 Jul 95 p 1

[Unattributed report: "Reply To Yugoslav Leader"]

[FBIS Translated Text] Boris Yeltsin has sent Zoran Lilic, president of the Federal Republic of Yugoslavia, a letter thanking him for the message that was received on the eve of his trip to the conference of the "eight" in Halifax. "As you rightly observed," the Russian Federation president writes, "Yugoslav problems were bound to be a very important topic of discussion in Halifax. The main outcome, I believe, was the consolidation of our line of settling the crisis on the territory of former Yugoslavia entirely by peaceful means."

Cooperation Accord Signed With Yugoslavia

LD1907124695 Moscow ITAR-TASS in English 1218 GMT 19 Jul 95

[By Ivan Ivanov]

[FBIS Transcribed Text] BELGRADE July 19 (ITAR-TASS) — Russia and the United Republic of Yugoslavia (URY) on Wednesday concluded an intergovernmental agreement on cooperation in culture, education, science and sports. The Agreement is aimed at furnishing a solid legal foundation for a continuation and development of Russo-Yugoslav contacts in these fields.

The Agreement, which was signed on a commission from the governmetns of the two countries by Gennadiy Shikin, Russian Ambassador to the URY, and Radoslav Bulajic, Yugoslav Deputy Foreign Minister, contains mutual obligations to give State support to contacts between organisations and institutions of the two countries in the fields of culture, science, education mass media, and to develop cooperation between artistic intellectuals and researchers.

"Yugoslavia has been and remains among Russia's most important and stable partners in the sphere of humanitarian relations. Our cultural, scientific and education

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contacts have centuries-old historical roots and traditions which are based on the cultural community of our peoples," Shikin said at the signing ceremony.

Having pointed out Russia's adherence to principle and impartiality in the efforts towards a faor settlement of the crisis in the Balkans, Bulajic, for his part, emphasised a "strategic importance" of the agreement signed for a more dynamic development of Yugoslav-Russian relations.

Presidential Aide Meets With Serbian Delegation

LD1907110195 Moscow INTERFAX in English 0939 GMT 19 Jul 95

[FBIS Transcribed Text] MOSCOW, July 19 (INTERFAX) — On Tuesday evening presidential aide on foreign issues Dmitriy Ryurikov received a delegation of Bosnia's and Herzegovina's Serbian Popular Veche headed by Veche's chairman and member of the presidium of the Republic of Bosnia and Herzegovina M. Pejanovic.

Moderate forces of the Bosnian Serbs are represented in the Veche. As Ryurikov reported to INTERFAX, Pejanovic informed him about the military and political situation in Bosnia and Herzegovina, about opinions and proposals of the Serbian Popular Veche regarding solution of the crisis in this republic of former Yugoslavia.

Ryurikov reported that the Serbian Popular Veche has put forward an initiative which calls on the Russian Federation to strengthen pressure on Pale's regime together with other members of the contact group in order to adopt the contact group's plan "which the parties are expecting for the whole year already as a single opportunity to establish peace."

Ryurikov believes that the Serbian Popular Veche testifies to the fact that not all Bosnian Serbs stand behind Pale's regime. The majority strives for peace.

In the course of the conversation Ryurikov pointed out that Russia undertakes appropriate efforts for a political settlement of the Bosnian military drama in order to establish peace in the region as soon as possible.

'Diplomat' on Attitude Toward NATO Expansion

LD1807182795 Moscow INTERFAX in English 1647 GMT 18 Jul 95

[From the "Diplomatic Panorama" feature: By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeny Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 18 (INTERFAX) — Moscow's willingness to cooperate with NATO does not mean that Russia agrees with the alliance's expansion eastward, a high-ranking Russian diplomat close to Foreign Minister Andrey Kozyrev told INTERFAX today.

The diplomat, who was a member of the Russian delegation at the recent meeting between Russia and NATO under the 16+1 formula in Brussels, said: "If NATO goes ahead with its expansion to the East, Russia's attitude towards practical cooperation with the bloc will change and the alliance itself knows this perfectly well."

The diplomat said that the Russian delegation called for consulting NATO through a permanent consultative body or an ad hoc group. The most important thing now is to define the range of issues to be discussed at the consultations.

Russia believes that this should be the whole range of security problems in Europe and the world.

The diplomat said that Moscow is prepared to discuss the eastward enlargement of NATO. He said: "Russia's NATO partners reassure us that they are not going to make any concrete steps to enlarge the alliance before the end of 1996. They say that this year they intend to discuss the 'why' and 'how' and in the future, 'who' and 'when' of the enlargement. However, the political decision on enlarging the alliance has already been made. The question arises, why make such a decision if NATO itself does not know yet what implications it will have?" the diplomat said.

He said Russia had stated this at the meeting in Brussels.

"As a result NATO proposed to Russia that an agreement be worked out by December 1995 determining specific issues on which bilateral consultations will be conducted," the diplomat said.

He said the Russian delegation in Brussels had informed NATO representatives of Moscow's concern about the flank limitations fixed for Russia in the treaty on conventional arms in Europe.

"Frankly speaking, NATO member states were not exactly happy about our position. Turkey displayed the most negative attitude towards Russia's demands that the flank arms quotas be reviewed. The U.S. showed more understanding. However, all the NATO members agree that the problem exists," the diplomat said.

He added that it was announced at the Brussels meeting that a Russian liaison officer will stay in the NATO military headquarters in Mons near Brussels shortly.

A Russian representative is expected to arrive in the NATO Brussels headquarters, the diplomat said.

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According to him, the next RF [Russian Federation]-NATO meeting in the 16 + 1 format is scheduled for next September.

Churkin Raises CFE Issue at NATO Council Meeting

LD1907132295 Moscow KRASNAYA ZVEZDA in Russian 19 Jul 95 p 3

[ITAR-TASS report: "Russian Officers Will Probably Work at NATO Headquarters"]

[FBIS Translated Text] Relations between NATO and Russia will be evolutionary in character, will develop, and will make a great contribution to strengthening stability in Europe, Russian ambassador Vitaliy Churkin stated at a meeting at the NATO Council in Brussels.

In conversation with journalists a NATO spokesman said that Russia's clearly expressed will to play an active and full part in specific cooperation with the alliance within the framework of the "Partnership for Peace" program was an important result of the meeting. It is expected that Russian liaison officers will take up their positions at the NATO allied armed forces high command near the Belgian city of Mons. The Russian military will join with NATO people in exercises within the framework of partnership, the process of defense planning, and consultations on nuclear security and will work together to combat the illegal trade in fissionable materials.

As for political dialogue, the main aim here, in NATO's opinion, must be to build relations "without surprises" and to provide prompt reciprocal information on the major security problems. As an example the spokesman cited the Russian side's wishes regarding the amendment of the CFE treaty. The NATO Council welcomed the frank expression of Moscow's position. This gives the Western countries something to ponder as they prepare for the conference scheduled for Vienna in May 1996 on the treaty's entry into force. While understanding Russia's concern, NATO is nevertheless opposed to unilateral moves in regard to this treaty and to changes of its fundamentals.

Foreign Ministry, Military Favor Start II Ratification

LD1807163695 Moscow INTERFAX in English 1525 GMT 18 Jul 95

[FBIS Transcribed Text] MOSCOW, July 18 (INTERFAX) — Russia's Foreign Ministry and military recommended Tuesday [18 July] that the State Duma, the lower house of Russia's parliament, ratify the START-2 nuclear cuts treaty.

The recommendations were voiced at a Duma hearing by Deputy Foreign Minister Georgiy Mamedov and first deputy chief of the armed forces' General Staff Vladimir Zhurbenko.

The treaty, signed in Moscow on January 3, 1993, was submitted by President Boris Yeltsin for ratification by the Duma late last month. Duma committees and factions are to present their proposals to the house's International Affairs Committee by August 3.

Mamedov said it would cost Russia about 25 trillion rubles to meet its commitments under START-2, under which each side is to bring its nuclear arsenal down to between 3,000 and 3,500 warheads. It would take Russia three years to put its commitments into practice, but, if it took less than that, the country "could expect certain compensation," the deputy minister said.

He also expressed the belief the ratification process in the Russian parliament could be "synchronized" with that in the U.S. congress.

Zhurbenko said implementing START-2 would make it possible to reduce the difference between the nuclear potentials of Russia and the U.S. to between 9% and 14%, compared to the 60% START-1 provided for.

New York NPT Extension Conference Viewed

MK1907123695 Moscow YADERNYY KONTROL in Russian No. 6, Jun 95 (Signed to press 9 Jun) pp 18-19

[Article by Gennadiy Yevstafyev, member of the Russian Federation delegation at the NPT Extension Conference: "Discussion on the Future of Nuclear Armaments Is Just Beginning To Unfold" — in January 1995 issue of YADERNYY KONTROL, Yevstafyev was identified as "chief of the Russian Foreign Intelligence Service Arms Control and Proliferation Directorate"]

[FBIS Translated Text] The New York conference turned into a sort of referendum on the future of the Nonproliferation Treaty [NPT] and its role in international relations and future military policy. Three issues were submitted for discussion at this almost worldwide forum. First — "Does your country need the treaty?" Second — "How positively do you view the Russian-U.S. moves to reduce nuclear armaments?" Third — "Are you ready to continue observing the Treaty in both letter and spirit?"

On the first issue, no state turned out to claim it does not need the Treaty (except the DPRK, which had earlier maintained that it regards itself as enjoying a special status, reflecting its resolve to proceed with its intricate political game.)

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On the second issue, the Russian-U.S. disarmament efforts of recent years drew praise despite some criticism regarding their pace amidst concomitant cries from the audience of "Too little!" and "Faster!"

On the third issue, there were no doubts that the majority of the participant states are aware of the nuclear proliferation threat and recognize the prospects that it still has. In this respect the confirmation by the nonnuclear participant states that they are ready to voluntarily reject any plans to develop nuclear weapons is viewed as a major achievement of the conference.

Thus, the NPT referendum in New York turned out to be something impressive, revealing both the intentions and possibilities of further collective movement along the road toward improving the international nuclear nonproliferation regime. This was made possible, in particular, by the fact that during the New York conference a certain give-and-take strategy was hammered out, which is usually the case at international events of such a high level, and all the nuclear powers (including China, with all the peculiarities of its approach), showed their willingness to make some concessions. It is significant that the nuclear states agreed to include in the final resolutions some provisions on strengthening the mechanism of examining NPT implementation and on concluding the Comprehensive Test Ban Treaty [CTBT] in 1996. The recommendation on the CTBT carries significant potential. The world community will now be more intently following the preparation of this treaty. Evidently, after the treaty has been concluded, we can expect a significant slowdown in the military buildup as far as the nuclear programs of the "Big Five" are concerned.

The conference recommendations on concluding a convention banning the production of fissionable materials for the purpose of creating nuclear weapons should be especially pointed out. It is believed that this convention, provided it is successfully prepared and passed, will become one of the effective documents connected with the NPT. Even at this stage we can reckon that the implementation of the future convention's ideas and provisions is going to be slow, but with time its impact will grow perceptibly.

Finally, it is important that the conference proved ready to back the International Atomic Energy Agency's [IAEA] efforts regarding guarantees and the conducting of inspections. From the conference's decisions and speeches, it can be expected that the IAEA administration and its Director General Hans Blix will be more active in implementing the ad hoc inspections regime.

It has been generally acclaimed that one of the major achievements of the conference was passing the decision without a vote. This point, true as it is, is worth dwelling upon at length. In actual fact, a vote would have led to antagonism, igniting a bitter controversy when the overwhelming majority defeated a tiny minority. Had this been the case, the minority would have quit the conference in resentment, which would hardly have meant a positive outcome either for the further development of the international nonproliferation regime or its universalization. It must be pointed out in this respect that the key figures in the Russian delegation, Sergey Kislyak and Grigoriy Berdennikov, proved highly competent. Some of the tactical moves that they contrived finally brought about strategic decisions. Among these tactical measures was a petition for a short draft resolution, of three lines only, on an indefinite extension (officially, this was put forward by Canada, later to be transformed into Resolution L.6). There were more than 90 signatures and the number was still growing despite initial doubts (until it reached 111). When the crucial moment came and the formally necessary "50 percent of votes by the total number of participant states" had been collected, it became perfectly clear that everything was moving in favor of indefinite extension and there could be no other options. In my view, the tactics of petitioning for a draft resolution helped Djayanta Dhanapala, chairman of the conference, immensely.

Ambassador Dhanapala should be given due credit. He chaired the conference flawlessly and succeeded in convincing many a doubter of the need to make a coordinated decision. Reaching the final formula of passing a resolution package (passing a decision without voting — actually by consensus, although he had been avoiding the term for reasons easy to understand) is also to his credit. In my opinion, this is an interesting formula. It is the first time in my diplomatic service that I have come across this formula, and for a document like the NPT it turned out to be most fit.

The opposition of Nonaligned Movement (NAM) radicals during the adoption of the final resolutions proved far weaker than expected. As I see it, the NAM radicals made a tactical mistake at the very outset when they refused to modify their extremely tough formulas and proposals. As a result, they were unable to present a platform that would attract all the NAM participants; they even failed to come up with a coordinated document. In Bandung they flopped completely. On arriving in New York, Indonesian Foreign Minister Alatas saw plainly that the Indonesian project, abounding in tough formulas, in no way corresponded with the audience's sentiments. To give him his due, he did put things right. In addition to many tactical errors, the NAM committed a strategic one. What was the use of playing the NPT card to engage in a trial of strength and pressure the North? The NAM radicals seem to have disregarded

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the fact that the NPT is a global agreement which by and large meets the interests of all.

One can agree, nevertheless, with some arguments of the nonaligned countries — in particular, the claim that the letter and spirit of the NPT do not always correspond to reality. Indeed, some states interpret the NPT provisions in their own way. Thus, the U.S. decision to impose an embargo on Iran is highly arguable, although, in my view, the initial U.S. offensive against Iran was for reasons not related directly to the NPT. In this case the United States is pursuing its own political aims. U.S. policy in the Persian Gulf has a certain bias. While the emphasis before used to be on Iraq in a policy of dual deterrence, now Iran is coming to the forefront. Many things in U.S. diplomacy are being fitted to suit this new emphasis. We understand the concern felt in the United States. Russia also shares this concern. We, too, are making efforts to prevent nuclear arms proliferation, and we intend to persist in those efforts. We have no conflicting interests with the United States here. In this area, our interests are essentially the same. When you argue in favor of your own viewpoint, however, you should not go beyond the limits of objectiveness, otherwise further efforts become counterproductive.

The U.S. decision to impose sanctions on Iran was announced in mid-conference. I can only surmise what the true reasons for this decision were. Possibly there was a straightforward lack of coordination between various components of the U.S. Administration. In any case, the U.S. President's address to the International Jewish Congress in New York in which he announced the sanctions against Iran somewhat aggravated the situation at the NPT conference. The Iranians, who had a fairly restrained attitude at the beginning, then took a tougher stand, and the Russian delegation, Sergey Kislyak and Grigoriy Berdennikov in particular, had to take action to ensure that the Iranian concerns would not grow.... One more case of lack of coordination, whether by accident or not, was the statement by the U.S. Energy Department that the United States was resuming the production of tritium — again made when the conference was in full swing. All this was frustrating, particularly considering the importance of the role played by the United States in the adoption of the decision on an indefinite extension: It used all its diplomatic might and influence in various regions of the world to facilitate it. These minor touches, however, neither spoil nor blur the total picture, which is highly positive. The indefinite NPT extension makes it possible to scrutinize more closely non-immediate issues such as, first, the universalization of the nonproliferation regime and, second, a discussion on the prospects for nuclear armaments.

During recent years, and especially just before the conference, there was a dramatic rise in the number of NPT participants. Still, a few of the influential states remain outside the NPT, including the so-called unofficial nuclear powers. It is important that we work hard to urge these countries to join the NPT, so that the first results can be seen by the next NPT implementation conference in the year 2000.

Let me highlight but one problem case — Israel. The conference resolution on setting up a nuclear-free zone in the Near East was not included in the package of documents (it was passed in addition to the package), but has, nevertheless, great potential and can act as a support for all the NPT participants in their efforts to make the treaty universal. This particular question, however, should be considered only within the framework of a peaceful settlement in the Near East. As for Israel, first, it found itself in a nuclear deadlock and, second, it badly needs to break out of it. Why the deadlock? It would seem that its nuclear capabilities give Israel confidence. I, however, do not think so. The reality is that Israel simply cannot be a nuclear state. Besides, Israel should be aware of the fact that its possession of nuclear armaments might later on negatively affect the talks on eliminating other types of weapons of mass destruction in the region, especially chemical weapons. There are probably various ways for Israel to overcome the nuclear deadlock. Possibly the issue of Israel's eliminating its nuclear potential should be discussed in the same package with other issues.... At the same time, Israel will not be able to persist long in refraining from discussing nuclear problems. For quite a long time, Israel was an outcast in the UN, where just a handful of states took it under their protection. Not long ago the resolutions denouncing Zionism, Israeli atrocities, and God knows what else were passed at the UN by a majority vote (and what a majority it was, too!).... Aside from the content of the resolutions, the fact of such a massive denunciation of Israel was not too pleasing in itself. Time passed, and the situation showed signs of changing: Camp David, the agreement with Jordan, diplomatic relations established with a number of countries. These moves brought Israel to a normal level of regional coexistence. Now there is the Syrian issue to be resolved with the final solution of the Near East settlement to follow. The search for a formula to give new impetus to the nuclear problem first started just a few months ago. So far it has not been discovered. Israel's participation in this search says a lot. The skeptics would say that Israel is making tentative moves for the sake of tactics, and thus no real advances are to be expected. I believe it is not only a matter of tactics. Tel Aviv shows a growing awareness of the fact that Israel has become isolated from the global process, and

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not a single country that is outside the mainstream of the international process has ever been able to prove its case. So countries ultimately start getting involved in the process, whatever compromises or sacrifices are required.

Is not the case of South Africa impressive? The country had long been in isolation. It should be borne in mind that to shun nuclear arms even during the decline of the apartheid regime was a hard decision for South Africa to make. Just a couple of years ago no one could imagine South Africa being a focus of attention at an NPT conference, and then not as a party to be criticized, but as one to set an example. Who would ever think of South Africa being the originator of one of the key documents and contributing actively to the creation of others. Having discarded its ambitions, South Africa managed to make an impressive entrance into the international community and thus earned universal respect. However, Israel — and the politicians in Tel Aviv should not take offense — continues hanging on (like the Arabs themselves) to a siege mentality. There, they still view the world through gun embrasures. The possession of nuclear arms is indicative of this mentality. Moreover, I do not understand how the Israeli military intends to put nuclear arms to use in case of need. Perhaps afterward they want to be condemned by the whole world? They certainly believe that for them, nuclear arms are a deterrent. That will likewise lead Syria to believe its chemical weapons to be the same. A deadlock, a vicious circle... The Americans coined the phrase "irresponsible regime." I do not think that the Israeli politicians want Israel, by persisting in its nuclear policy, to be branded this way by most of the world.

The solution of several problem issues, first of all, in the Near East and in the Hindustan peninsula, would make it possible to embark on a more active discussion of the future of nuclear arms by the official nuclear powers. Immediately after the decision on the indefinite extension was passed, some countries (particularly Malaysia) said something to the effect that from then on the "Big Five" would be in possession of nuclear arms indefinitely. It is hardly possible to agree with statements of this kind. Starting a discussion of the future of nuclear arms on a broader scale (first, in the military circles of the nuclear states and then shifting it to the global level) will help clarify, among other things, whether there can be conventional weapon alternatives to nuclear arms. The issue of the economic inevitability of nuclear arms reductions will be shortly appearing on the agenda.

New York, 13 May 1995.

Golts Compares U.S. Military Effort to Russia's

MM1807164695 Moscow KOMSOMOLSKAYA PRAVDA in Russian 18 Jul 95 p 7

[Article by Aleksandr Golts: "Oh Susannah, Don't You Cry for Me, the Rains Will Pass!"]

[FBIS Translated Text] For some time now it has been commonplace for both Russian liberals and Russian conservatives to compare the Russian and U.S. Armed Forces in their speeches. Well, you cannot think of a more crippling comparison. They have trained professionals while we have scrawny boys wearing army cotton uniforms billowing around their knees. They have a bloodless march on Haiti amid photographic reporters' flash guns, while we have Chechnya, which has (or has not?) surrendered at the cost of considerable bloodshed. You can draw what conclusions you like. If you like you can express regret for the lost might of a superpower. Or you can demand military reform. In present conditions this comparison is as pointless as seeking a serious answer to the child's question: Who will beat whom, the lion or the bear (the latter is, admittedly, on the verge of fainting from hunger)?

After all, the threat to the security of each country and, consequently, the tasks of their armed forces have changed dramatically over the last five years. And the need to be prepared for direct confrontation with the former main adversary is only on the fringes of military theoreticians' minds now.

First, the nuclear potential of both the United States and Russia is still a reliable means of mutual deterrence. Second, at present it is hard to even theoretically name a possible area of conflict between Moscow and Washington that might lead to military confrontation. The only thing that seriously frightens U.S. strategists is uncontrollable chaos due to domestic conflict in Russia.

Leaving aside the task of maintaining some kind of global balance of forces, Russian and U.S. military objectives are very different. At the same time the most paradoxical thing is that for all the obvious difficulties it is extremely simple to define Russia's military tasks, unlike those of the Americans: The country has effectively found itself encircled by regional conflicts and has not yet managed to eliminate the "hot spot" in Russia itself. It is the Army that is being made responsible for maintaining the stability in the post-Soviet area on which the country's security really depends.

Who Is To Be the Enemy?

However, the main task facing the U.S. Armed Forces today remains the persistent, purposeful quest for an

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adversary and, consequently. for their own raison d'etre. What is it now? An answer or, to be more precise, an attempted answer was given two years ago when the Pentagon published a report entitled "A Fundamental Review of the Structure of the Armed Forces," which was somewhat frivolously described by wits as "topsy-turvy." Its main aim was to formulate a structure for the armed forces to match the present situation. A quite major reduction in armed forces was planned in order to ensure that Americans obtained the "peace dividend" — money saved on military spending — that they were promised by President Bush. Thus the numerical strength of the armed forces is being cut by 300,000 to 1.4 million men. By 1996 there are to be only 10 instead of 14 ground forces divisions. The number of warships was due to drop by almost 100 to 346, and the number of warplanes was also cut.

At the same time the Americans are clearly going with the traditional type of army reform, whereby an increase in qualitative indicators compensates for numerical cuts in personnel and military hardware. The B-2 "Stealth" bomber, capable of overcoming enemy air defense systems, is the clearest example of this. The aircraft has just a two-man crew. Whereas the B-1 bomber is handled by seven men. But the pair of B-2 pilots are of course far more highly skilled. That was how it was intended to cut back the armed forces.

According to current U.S. military strategy, there should be enough of these armed forces to take part in and win victory in two major regional conflicts almost simultaneously. And to wage two conflicts at once. The Pentagon is planning to form attack groupings comprising four or five Army divisions and four or five Marine brigades apiece The Navy allocates four or five attack-carrier groups to each war. The Air Force has to send 10 tactical air squadrons and around 100 heavy bombers to each theater of military operations.

Admittedly, the Pentagon is perfectly well aware that some of the most effective systems — primarily the AWACS and J-STARS communications and reconnaissance systems and squadrons of F-117, B- 2, and EF-111 aircraft — cannot be able to be divided up owing to their limited numbers. The intention is to maneuver them between various theaters of operations.

This fact compels Pentagon strategists to talk tactfully about waging two wars "almost simultaneously." Even the Pentagon needs a break of a few weeks to concentrate its forces and move troops. It is in order to facilitate this task that the United States is keeping around 300,000 servicemen as well as the heavy arms dumps already set up on the territory of allied states: Germany, Japan, South Korea, Panama, Kuwait, etc.

The Pentagon Is Not Threatened With "Collective Dismissal"

However, today the U.S. armed forces are encountering considerable problems both with the reorganization and cuts and in the quest for new areas in which to apply their efforts. Official documents indicate that Washington has still not decided what — or who precisely — poses a future threat to national security. They would like to append to these documents the general stock phrase used by one of the heroes of Ilf and Petrov with the words "as and when the need arises." The strategy of "selective involvement" is now in vogue. Translated from military-strategic jargon this means that the United States does not want to stipulate in advance the conditions that would compel it to use military force. Or identify a potential adversary.

When talk turns to threats to security, U.S. strategists primarily point to such problems as the threat of mass-destruction weapons proliferation, international terrorism, and ethnic and religions conflicts, without associating them with specific states. And it is only as an afterthought that they indicate the regimes which the United States considers authoritarian and dictatorial, to wit Iran, Iraq, North Korea, and Cuba. It is, however, quite obvious that none of these countries alone or all at once represents a serious adversary for the United States. Their strength is too incomparable.

The following question arises: If there are no signs of any threats, if the United States is cautious in its use of military force, then why is practical America maintaining such a powerful military machine? In my view the very capability of waging combat operations anywhere in the world — and no other state possesses this capability on such a scale — provides a very considerable boost for the U.S. bid to world leadership.

Congress Does Not Stint the Warrior

People in Washington are perfectly well aware of the value of these kind of armed forces, even though they do not say so openly. And they are trying to maintain their high level. However, even what are modest cuts in funding and troop provisioning by comparison with Russia caused a real furor last fall. The Pentagon was forced to acknowledge that the combat readiness of several large U.S. Army formations is inadequate (by U.S. standards, of course). Clinton immediately asked the Congress for an additional $22 billion ($2 billion of it for 1995) in armed forces funding. And he met with full understanding from the Congress on this score.

The Pentagon budget seems to be the only area whose funding the Congress has not cut quite mercilessly.

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Here too, when it comes to legislators' attitude to the armed forces, a comparison between Russia and the United States would be useful. The point is not that U.S. congressmen are increasing the military budget but that ours are cutting it back. The Americans are not funding the armed forces "as a whole" but quite specific programs, approving some and closing down others. In effect, they are thus assuming part of the responsibility for the country's security. That is the meaning of civilian control of the armed forces, which is ostensibly what people in Russia are after. The endless, quite absurd dispute over certain abstract military budget figures effectively relieves Russian parliamentarians of all responsibility for what is going on in the Armed Forces.

Talks With IMF Inspire Hope for Credit Tranche

LD1807184495 Moscow ITAR-TASS in English 1821 GMT 18 Jul 95

[By Aleksandr Samozhnev]

[FBIS Transcribed Text] MOSCOW, July 18 (ITAR-TASS) — Russia has almost completed negotiations with an IMF mission, sources at the Russian Ministry of Finance told Business-Tass today. The IMF representatives have been in Moscow since mid-last week for monthly monitoring of Russian economy, which is a basic condition of the 2.6 billion dollar stand-by credit issued by the International Monetary Fund to Russia.

A preliminary report of the IMF mission on the Russian government fulfilment of the stabilisation programme inspires hopes that Russia will receive a regular tranche of the stand-by credit, believe ministry experts. In the opinion of IMF representatives, major economic indices correspond to the fund-fixed parametres.

The experts suggested to take additional measures for enhancing the anti-inflation character of the stabilisation program in the second half of this year. Among other things they suggest to cut the circulating cash.

The negotiations focused on formation of Russian budget revenues and better taxation methods. The experts proposed to clarify the situation with import dues and benefits for some organisations involved in foreign economic activities, report the ministry staffers.

Kozyrev Ends Brussels Visit, Pleased With Results

LD1807182995 Moscow Russian Television Network in Russian 1600 GMT 18 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] Today Russian Foreign Minister Andrey Kozyrev, currently in Brussels, met Hans van den Broek, European commissioner for external relations with central and eastern Europe and the former Soviet Union. Andrey Kozyrev ended his visit to Brussels today. The head of the Russian Foreign Ministry spoke with our correspondent Kipras Mazheyka about the results.

[Begin Kozyrev recording] I believe that we have solved the task of signing an agreement and starting a serious dialogue with the European Union on creating equal — I stress once again, not preferential but equal — conditions for Russia in European markets and the European economy. I believe we have solved this task. We have taken the first major step by signing this agreement.

In addition, we have made a start regarding further steps aimed at removing these discriminatory barriers. With the British, we clarified their intentions with regard to the new London conference on Yugoslavia which they have suggested. I think it is expedient for the president to make a decision on Russia's participation in this conference, but this is yet to be discussed. [end recording]

Provisions of Interim Deal With EU Outlined

MM1807190795 Moscow IZVESTIYA in Russian 19 Jul 95 pp 1, 2

[Report by Yuriy Kovalenko: "EU Opens Door to Russian Goods"]

[FBIS Translated Text] Paris — Despite the fact that the war in Chechnya is far from over, the EU and Russia have signed an Interim Trade Agreement in Brussels. According to the official statements of EU spokesmen, the EU eventually took this step so as not to jeopardize the continuation of the economic reforms in Russia.

Under the Interim Agreement, which was signed for the Russian side in Brussels by Foreign Minister Andrey Kozyrev, Russia is henceforth regarded as a country with a transitional economy, not a planned economy. Consequently the EU extends most-favored status to it and pledges to lift the import quotas which restrict Russian exports to the 15 EU countries, with the exception of the quotas on textiles and certain steel industry goods.

In the opinion of Western experts the Interim Agreement, which is designed to promote the further development of commercial exchanges between Moscow and the EU states, is beneficial above all to Russia. The EU states account for 37 percent of Russia's total trade turnover. The CIS states account for 24 percent, those of East Europe — 13 percent, China — 6 percent, the United States — 4 percent, and Japan — 3 percent of all turnover.

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Finally, the Interim Agreement clears the way to the ratification of the long-term agreement on trade and cooperation between Russia and the EU signed last summer by Boris Yeltsin at the summit on the Greek island of Corfu.

This document, which reproduces all the main provisions of the Interim Agreement, also envisages political dialogue between Moscow and the EU on a permanent basis as well as talks in 1998 on the creation of a free-trade zone.

The Interim Agreement was supposed to have been signed at the beginning of 1995 but was put on ice because of the war in Chechnya. Gradually the hard line taken within the EU's ranks toward Moscow was replaced by a desire for compromise. The EU made the decision to unfreeze the agreement at the Cannes summit at the end of June. By that time all 15 member states believed that the prior conditions had been met, in particular the cease-fire in Chechnya and the opening of peace talks.

Moscow is allowed to retain the temporary restrictions on EU imports affecting a number of sectors which are undergoing reform and which could lose their sales markets if they have to compete with European goods.

At France's request a special article was inserted in the Interim Agreement regarding the export of nuclear fuel which, the newspaper LA TRIBUNE notes, is a primary concern to Paris. The document also provides for the gradual opening of Russia's financial markets to foreign capital.

PRAVDA Assesses Trade Agreement With EU

MM1907095095 Moscow PRAVDA in Russian 19 Jul 95 p 7

[Article by Vladimir Peresada: "'Green Light.' Russian-EU Agreement Signed in Brussels"]

[FBIS Translated Text] Brussels, 18 Jul — Yesterday was the first time an "event" involving our country had taken place in the new marble and glass building of the European Union's [EU] Brussels headquarters: A ceremony was held to mark the signing of an interim agreement between Russia and the EU on trade and attendant issues.

On the Russian side the document was signed by Foreign Minister Kozyrev, while the document was signed on behalf of the 15 EU countries by Spanish Foreign Minister Javier Solana (Spain is currently chairing the EU) and EU Commissioner Hans van den Broek, responsible for the EU's external activities. The ceremony ended with the traditional glasses of champagne being brought to the signing table.

Well, there was admittedly considerable cause for a "celebratory drink." The agreement has had a difficult time. As a kind of prologue to the wide-ranging Russian-EU treaty on partnership and cooperation concluded last June it was initialed back in December, but was not signed and did not accordingly come into force owing to the war in Chechnya. The EU, particularly the European Parliament, favored deferring the agreement until the political settlement process had begun in Chechnya. The "freeze" lasted six months, until the meeting of the EU heads of state and government three weeks ago in Cannes finally declared a "thaw."

This did not of course happen just because there has been normalization in Chechnya, a process that is still extremely fragile, primarily owing to the threat of a further destabilization of the situation in Russia due to the "Chechen factor," particularly the tragic events in Budennovsk. Western Europe's interest in the Russian market and in the current Moscow authorities outweighed the "legal affront" on Chechnya's behalf, which, although present in yesterday's statements by EU leaders, appeared secondary in the light of the eulogies over the "democratic and economic reforms" under way in Russia.

Why did Russia and the EU need an interim agreement?

The point is that the "large-scale" agreement on partnership and cooperation needs bilateral ratification, which owing to EU accepted procedure could take between 18 months and two years (it involves ratification by the parliaments of all the EU's 15 states as well as the approval of the European Parliament). It was therefore decided to highlight in a separate document those provisions that do not require ratification, namely questions of trade status, terms of competition, protection of rights to intellectual property, cooperation in the customs sphere, and a number of others.

Both sides have an interest in this. I will not go into details about the EU, I will just talk about the matters that are of main interest to us. Above all, thanks to rapid implementation of the section on trade status, there will be an opportunity to obtain substantial advantages for our goods to gain access to the internal EU market.

The document says that the "sides must accord goods imported from their corresponding territories equally favorable status to that accorded to their own manufactured goods." The EU will introduce this procedure, i.e. will open its market, straightaway, while Russia has been accorded a transitional period through 1 January 1996 (in view of the need to regulate the practice of excise taxation). The agreement bans the EU from employing quantitative restrictions on commodity imports from the Russian Federation (barring the textile and

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steel trade, which will be regulated by separate agreements). Russia in turn reserves the right to introduce quotas on commodity imports from the EU as of 1996 until its accession to GATT, i.e. until it joins the World Trade Organization.

The conditions for our freight's transit through EU countries will improve, as will the opportunities to protect Russian exporters' interests in the event of antidumping procedures. The EU's wealth of experience in commodity standardization and certification, the prevention of illegal trade, and other spheres of cooperation will evidently come in useful.

All that is fine. But concluding an agreement is one thing and implementing it is quite another. In a month, when it comes into force, what is undoubtedly the hardest and possibly even riskiest phase of the Russian-West European "joint venture" will begin. The document has been drawn up in the light of the strict norms governing EU relations with other states and general rules of conduct on the world market, and people here will be keeping a strict eye on the observance of these rules and will respond to any breaches of them with a whole range of corresponding measures. Will Russia, with its current economic collapse, legislative merry-go-round, tyranny exercised by "unofficial exporters," and in general total confusion, be a normal partner rather than a "headache" for the EU?

Incidentally, how will the EU behave if the situation in Chechnya begins to lose signs of normalization for various reasons? Or, worse still, if the centrifugal trends, which have weakened but by no means vanished from Russia following the forcible resolution of the "Chechen problem," give rise to new versions of separatist formations, for which people in our country have contrived throughout the "democracy" years to create a breeding ground and for which they are now, as the Chechnya saga has shown, ready to set Russia ablaze? In that case would a "red light" not come on again in the way of EU-Russian economic cooperation?

Trade Minister Views Measures for Entry to WTO

LD1807190195 Moscow ITAR-TASS in English 1801 GMT 18 Jul 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] Geneva, July 18 (ITAR-TASS) — The working group of the World Trade Organisation (WTO) met in Geneva to consider Russia's application for membership.

The Russian side is ready to work as much as it will have to resolve all problems related to its admission to the WTO, Russian Minister of Foreign Economic Relations Oleg Davydov told a news conference here today.

It will take time to go through the procedure, and the duration of this period will depend on Russia's partners at talks, said Davydov, who headed the Russian delegation at the talks.

On hearing Davydov's speech on Monday, representatives of the WTO members unanimously welcomed Russia's intention to become a member of an organisation which includes 100 states.

On Tuesday, the Russian delegation answered questions about Moscow's economic and foreign trade policies. Russia's partners were interested not only in the current laws and regulations, but also in future possible steps.

Special attention was attached to the Russian government's measures in the field of privatisation and demonopolisation.

"Many issues are not related to out trade memorandum which should be under discussion, but we understand our partners' eagerness to receive information about how the Russian economy is developing, its competition environment and the rights of companies. We will be tolerantly giving all explanations required," Davydov said.

Before Russia becomes a member of the WTO, "there is a lot to be done." In particular, it should provide the organisation with amendments to its foreign trade regime memorandum to clarify its policy in the field of services and guarantees of intellectual property rights, Dadydov stressed.

"Today's meeting has showed a remarkably benevolent attitude and a real desire, without any attempts at complication, to look into the current state of affairs in Russia," another member of the Russian delegation, Economics Minister Vladimir Yasin told reporters.

Davydov on Relations With EU

LD1907102995 Moscow ITAR-TASS World Service in Russian 0049 GMT 19 Jul 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Translated Text] Geneva, 19 Jul (ITAR-TASS) — Russia is not aiming for full membership in the European Union, but it is interested in building "normal economic relations" with it. This was stated in Geneva by Oleg Davydov, the Russian deputy prime minister and minister of foreign economic relations.

Speaking at a news conference on Tuesday evening in Geneva's Palais des Nations, he recalled that the EU is "a major trading partner of Russia which accounts

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for approximately 45 percent of its volume of trade turnover." According to the deputy prime minister, "We have but one desire — to be equal partners and for there to be no trade barriers in our relations." Moscow believes that in order to remove these barriers and to improve trade turnover, it would be best to "organize a free trade zone between the European Union and Russia," Oleg Davydov said. Precisely this intention is reflected in the bilateral agreement which was signed in Brussels on 17 July.

"We will get down to this work within two years," Oleg Davydov went on, adding: "I think that creating such a zone could radically change relations between the EU and Russia in global terms." This would be one of the largest zones of its type enabling "the costs of the gross domestic product for both Russia and the European Union to be kept to a minimum."

Replying to a question about Moscow's attitude to the EU's anti-dumping policy in the aluminium trade, the Russian deputy prime minister, who is heading his country's delegation at the talks on Russia's entry to the World Trade Organization, stressed: "I must say that in general we are opposed to restrictions in trade. Anti-dumping is an offshoot of the Cold War" and of the situation when the Soviet Union had a centralized economy and its prices did not meet the real costs of production. Things are quite different today: the aluminium industry operates in conditions of a market without subsidies from the state, and the prices set by enterprises are the real prices of Russia, which has natural advantages. Our aluminium is cheaper and our partners need to learn how to reduce their costs in order to sustain competition and not to embark on protectionist measures and creating additional barriers such as compensatory customs duties and anti-dumping procedures."

Further on Davydov Remarks

LD1907052995 Moscow ITAR-TASS World Service in Russian 0135 GMT 19 Jul 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Translated Text] Geneva, 19 Jul (ITAR-TASS) — If Iran fulfills its obligations in the field of monitoring nuclear fuel, then Russia "does not see reasons why there should be discrimination against that country." This point of view was expressed by Oleg Davydov, Russia's deputy prime minister and minister of foreign economic relations, answering a question put by an ITAR-TASS correspondent. On Tuesday evening, he held a news conference in Geneva in connection with the discussion of the Russian Federation's application for membership of the World Trade Organization.

The project for Russia to sell a nuclear reactor to Iran is being sharply criticized in Washington. Oleg Davydov noted in this connection that "it is a question of completing the construction of a nuclear power station in Iran equipped with a reactor of the type that North Korea is preparing to build." Russia considers cooperation with Tehran possible if it "fulfills all the demands of the International Atomic Energy Agency (IAEA) with regard to monitoring the use of nuclear fuel — fresh and spent fuel."

"But on the other hand," the deputy prime minister continued, "we understand the concern of our partners who are worried about the possibility of Iran building up its nuclear knowledge. We have agreed to continue consultations with the United States on this issue in order to work out a mutually acceptable solution."

Having touched upon trade relations with Cuba, at the request of journalists, Oleg Davydov said that in the current year the two countries have an agreement on the delivery of 3 million tonnes of Russian oil and on the purchase of 1 million tonnes of raw sugar for that sum. The relevant federal competitions for contracts are being carried out — the results will be announced next week.

"In October we plan to sign a new agreement with Cuba for three years with the possibility of extending it to five years," the deputy prime minister said. "This applies to annual oil deliveries of 3 million tonnes versus 1 million tonnes of raw sugar." Thus, Russia will "make up" for the shortage on the sugar market to a considerable extent. Approximately 50 percent of the sugar will not go to the market, but to the federal reserve stock, for social provision needs, for orphanages, old people's homes, for deliveries to the north, and other purposes. Moreover, the price of this sugar will be considerably lower than on the market.

The press has paid a great deal of attention to the oil business. Oleg Davydov said that Russia is not preparing to join the Organization of Oil-Exporting Countries (OPEC), "but we are having consultations with it regarding production and marketing and will extend these."

As far as the prospects for oil extraction on the Caspian Sea are concerned, Russia thinks that "one must agree on the status of the Caspian Sea before working the deposits." "It is land-locked," the deputy prime minister noted. "The joint interests of Azerbaijan, Russia, Kazakhstan, Turkmenistan, and Iran are at stake. Proceeding from this standpoint, its ecological safety should be ensured." An intergovernmental agreement is needed between all the countries "on how it should be

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used, to avoid damaging the environment and taking into account the interests of all the countries".

Having touched on the disputes surrounding possible ways of transporting Caspian oil, Oleg Davydov stressed: "In our view, the most favorable way is via the port of Novorossiysk. All the infrastructure has been created for this, and there is no need to set up new, expensive transport systems."

A proposal regarding this has been conveyed to Azerbaijan, the deputy prime minister concluded.

Council of Europe Official on Membership Chances

LD1807163295 Moscow INTERFAX in English 1525 GMT 18 Jul 95

[FBIS Transcribed Text] MOSCOW, July 18 (INTERFAX) — Russia has every chance of becoming a fully-fledged member of the Council of Europe either in January 1996, or if not in April 1996, Council of Europe Secretary-General Daniel Tarschys said. He met with Federation Council, or upper house, Deputy Chairman Valeryan Viktorov in Moscow today.

Viktorov told Interfax that during the meeting Tarschys said he "has spoken and still speaks in favor of admitting Russia to the Council of Europe as soon as possible." According to Viktorov, Tarschys said he saw "absolutely no reasons for denying this to Russia" at the beginning of the next year.

Viktorov said "the talks in Groznyy are removing the main obstacle for admitting Russia to the Council of Europe."

According to Viktorov, when asked if any terms will be imposed on Russia, Tarschys said "there are absolutely no reasons" to be afraid of this. "The process of the society's democratization has no end and Russia might continue its democratic changes within the scope of the Council of Europe," he said.

Tarschys arrived in Moscow on July 16. He will leave for Stockholm Wednesday [19 July].

UN Rights Committee Studies Report on Russia

LD1807210795 Moscow ITAR-TASS in English 2024 GMT 18 Jul 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] Geneva, July 19 (ITAR-TASS) — The U.N. Human Rights Committee on Tuesday completed the two-day examination of Russia's report on observance of human rights in the country.

Commenting on the results of the discussion, Russian Justice Minister Valentin Kovalev said in an ITAR-TASS interview that "I am quite satisfied with the nature, contents, and tone of the discussion. We spoke a common language — the language of law."

Eighteen independent experts have closely studied the fulfillment by Russia of the International Pact on Civil and Political Rights.

This document, which entered into force in 1976, demands from each of its 130 signatories the guarantees of the right to life, the freedom and safety of citizens, recognition of the freedom of speech, consciousness, meetings, a ban on physical and moral torture.

"I will not deny that opinions differed on a number of issues," the minister said. "Part of the recommendations does not call for any doubts and objections — Russia has expressed readiness to fulfill them," Kovalev said. He added, however, that another category of remarks "requires a detailed study."

He assured the committee that "not a single remark will be left unnoticed."

The committee focused attention above all on the situation in Chechnya, the reform of the army, the situation in Russian penitentiary institutions, the problem of durable terms of detention, as well as constitutional legality of some presidential decrees.

Analyst Opposes UN Sanctions on 'Pariah' States

MK1907094095 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 48, 16-23 Jul 95 (Signed to Press 18 Jul) p 5

[Article by Vladimir Isayev, Russian Academy of Sciences Oriental Studies Institute deputy director, under the "Three Authors" rubric: "Russia and the Pariah States"]

[FBIS Translated Text] The continuing Balkans tragedy has sidelined the other important event of last week — the UN Security Council's consideration of the question of lifting the trade and economic sanctions against Iraq. Then again, given the entire difference between the Iraq and the Balkans issues, they are similar in that they once again raise the question of the effectiveness of international mechanisms in critical or blind-alley situations.

Having considered the Iraq issue, the UN Security Council once again extended the sanctions against Baghdad, this time for only 60 days. This means that firms of France, the PRC, Russia, and other countries will continue to stay "crouched" waiting for the gun so that they could start on already signed contracts. Two months later the issue will surface once again, risking a clash over the sanctions between the advocates

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of the tough and moderate lines, with Washington and Moscow playing for different "teams."

What is now the 26th revision of the sanctions was preceded by a fierce debate that chess players might describe as "repetition of moves." The United States, as is its wont, insisted that Iraq yields only to methods of compulsion. Iraq, for its part, pointed to its people's catastrophic position in which the sanctions had landed it.

Let me note that one can see the sides' material interests behind the dense smokescreen of humanitarian arguments. The United States is turning the world community's attention almost exclusively to the "criminal nature of Saddam Husayn's regime." Let us recall in this connection that the United States has virtually no investments in Iraq while at the same time it is getting hefty benefits from expanding relations with the Persian Gulf states that oppose it. Backing the sanctions against Iraq, the latter states make up for Iraq's share on the world oil market and they are bound to lose much once Iraq's oil starts pouring into the market.

The following argument of the Russian advocates of lifting the sanctions looks rather convincing: Russia has signed an accord with the IMF on getting a $6 billion credit whose provision has been hedged by tough economic requirements. Iraq, whose debt to Russia is about $8 billion, has repeatedly voiced readiness to pay this money unconditionally. On the other hand, Russia's resolute support of Iraq in the lifting of sanctions is fraught with souring relations with the United States and the Gulf countries on whose financial support Russia continues to count. Russia's incoherent stance in the UN Security Council results from the desire to "keep sitting on two chairs."

One issue that arises in connection with the Baghdad problem is the fundamental question of attitude to the states the West lists among pariahs, trying in every way to isolate them from the "civilized world." Iran, Iraq, Sudan, Libya, Cuba, the DPRK, among some other countries, invariably figure on this list. It is easy to see that most of them are allies of the ex-USSR, and are now obliged to pay for having once started to follow Soviet models of domestic and foreign policy. Although their regimes, frankly, evoke no liking, it remains unclear why the peoples of pariah states should carry the burden of sanctions aimed against certain regimes.

This is a clear case of the policy of "dual standards" followed my most of the world's leading powers. The list goes on. Always speaking about the importance of nonproliferation of nuclear arms, France, for example, continues to test them. The United States, which is sharply negative on the Iran and Libya regimes, nevertheless continues to milk Iran's and Libya's hard currency assets frozen in American banks while backing, to put it mildly, not the most democratic regimes in some African and Latin American countries. How is one to qualify the actions of Turkey, which never asks for any consent of the world community for military operations against the Kurdish insurgents on the territory of another state — Iraq? Or can this be done because Iraq is listed among the "pariahs?" But at this rate, then, one can reach the point of complete arbitrariness in international affairs.

The United Nations' help in promulgating the pariah states contravenes the fundamental principle for the observance of which this organization was created half a century ago — the principle of equal participation of all states in international affairs.

Russia should take account of all these things in forging its stance on UN Security Council sanctions against Iraq. Not seeking to give "valuable instructions" to our foreign policy department, I can only wish it a more balanced expansion of relations with both the West and the East. Dividing the world into a "civilized society" and "pariahs" will hardly help achieve this balance.

Chernomyrdin To Visit Uzbekistan 26-28 Jul

LD1807181795 Moscow INTERFAX in English 1601 GMT 18 Jul 95

[From the "Presidential Bulletin" feature, compiled by Nikolay Zherebtsov and Andrey Petrovskiy and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moscow, 18 Jul (INTERFAX) — Russia's Prime Minister Viktor Chernomyrdin will pay an official visit to Uzbekistan on July 26-28 at the invitation of President Islam Karimov.

As Uzbekistan's Foreign Ministry said on Tuesday, during his visit the two sides will discuss ways to develop economic integration and form a unified customs space. They will also consider the situation in Central Asia and in the CIS as a whole.

After the talks Russia and Uzbekistan will sign a number of documents aimed at expanding their trade and economic cooperation and strengthening their friendly ties.

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Abkhaz Parliament Protests Shumeyko's Remarks

MM1907105795 Moscow PRAVDA in Russian 19 Jul 95 p 2

[Unattributed report: "Assessing Shumeyko's Statements" — last paragraph is PRAVDA editorial note]

[FBIS Translated Text] The Abkhazian Republic parliament has appealed to the Russian Federation Federal Assembly Federation Council in connection with certain statements made by V. Shumeyko in Tbilisi. The document says, in particular:

"The first few minutes of Mr. Shumeyko's visit to Georgia demonstrated that he is not at all familiar with the prevailing situation and his statements were provocative. During a meeting at Tbilisi Airport he said that over the next day or two refugees would return en masse to Abkhazia's Galskiy Rayon.

"However, such a high-ranking Russian official cannot be unaware that the mass uncontrolled return of refugees in breach of the quadripartite agreement on the voluntary return of refugees signed in Moscow 4 April 1994 can only result in the resumption of the conflict, the disruption of Russia's peacemaking mission, and the suspension of the negotiating process.

"The one-sided stance adopted by Mr. Shumeyko disregards the fact that the Abkhazian side, as a manifestation of goodwill, is registering the 40,000-plus refugees who are returning spontaneously to Galskiy Rayon....

"The last day of the delegation's visit to Georgia was marked by irresponsible statements on the part of Mr. Shumeyko defamatory to the honor and dignity of Abkhazian Republic President V. Ardzinba, who enjoys indisputable prestige among the multinational population of Abkhazia. The accusations that the Federation Council speaker leveled at V. Ardzinba are unfounded and stem from Georgian sources, while the call for the latter's political isolation is clearly designed to be provocative. One is bound to point out that Mr. Shumeyko has previously made ill-conceived, hasty, and sometimes even mutually exclusive statements on several occasions regarding Abkhazian-Georgian relations.

"Thus the result of Mr. Shumeyko's 'peace mission' was a dramatic worsening of the situation in neighboring parts of Georgia and Abkhazia. A wave of rallies swept Abkhazia with demonstrators protesting Mr. Shumeyko's provocative statements and his insulting speeches regarding the Abkhazian president.

"While being profoundly convinced that Mr. Shumeyko's statements do not reflect the opinion of the Federal Assembly and the Russian leadership and people, the Abkhazian Republic parliament nevertheless cannot fail to point out that such actions are not conducive to the peace settlement process and undermine faith in the peace mission being performed by Russia, although it is in unity with that country that the people of Abkhazia see their future. Therefore the Abkhazian Republic parliament asks Russian Federation Federal Assembly Federation Council deputies to voice an appropriate opinion of Mr. Shumeyko's statements in Georgia and settle the matter of his accountability."

From the Editorial Office

We have learned that the leaders of a number of republics within Russia have voiced indignation at V. Shumeyko's scandalous statements in Tbilisi. The upcoming Federation Council session is expected to raise the question of confidence in the speaker of the upper chamber of the Russian parliament.

Sevastopol Authorities Said Undermining BSF

MM1807143495 Moscow KRASNAYA ZVEZDA in Russian 18 Jul 95 p 3

[Report by Vladimir Pasyakin: "Are Deadly Social Consequences Awaiting Sevastopol? Commercial Structures Drive Out Black Sea Fleet"]

[FBIS Translated Text] I was told by the Black Sea Fleet [BSF] press center that, when he addressed delegates to a report and election conference of the territorial committee of the trade union for Black Sea Fleet workers and employees, Admiral Eduard Baltin, commander of the Black Sea Fleet, expressed concern about the future of thousands of workers and employees in the numerous military units and fleet enterprises. The grim fate of people living and working in remote garrisons which may be cut back in the near future has already manifested itself graphically at the garrison in the village of Veseloye, which KRASNAYA ZVEZDA has reported on. Overnight its inhabitants have been left without work or livelihood.

Unfortunately organizational-manning measures are not the only problem causing people to suffer, Eduard Baltin noted. The local authorities, and primarily the Sevastopol authorities, have started creating a multitude of difficulties. On the basis of information from a land inventory conducted recently, the Sevastopol authorities, on utterly farfetched pretexts, have demanded that the fleet vacate a large number of installations it is occupying within the city. There are signs pointing to the interests of commercial structures.

This type of unreasonable policy, just like the ill-conceived ideas in respect of the creation of a special economic zone, may, according to the fleet commander,

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entail deadly social consequences for Sevastopol. After all, even today the city authorities are supplementing the budget almost exclusively with subsidies begged from Kiev and Moscow in turn.

The situation is also exacerbated by artificial difficulties which the city taxation inspectorate is creating for fleet enterprises. It is introducing its own rules and does not want to take into account the procedure established in the fleet, citing the unsettled status of the Black Sea Fleet and the Ukrainian legislation in effect in Sevastopol. But after all, the Black Sea Fleet is paying trillions of karbovantsi into the Ukrainian budget through 15 types of taxes, duties, and levies. And this despite the fact that the fleet is being funded exclusively by Russia.

Russia To Receive Used Nuclear Fuel From Ukraine

LD1907135895 Moscow ITAR-TASS in English 1222 GMT 19 Jul 95

[By Anna Bakina]

[FBIS Transcribed Text] MOSCOW July 19 (ITAR-TASS) — Russia will soon receive from Ukraine another batch of the used nuclear fuel from the South Ukrainian, Rovno and Zaporozhye nuclear power plants. This year Russian nuclear processing plants have received already from Ukraine 144 cassetes with used nuclear fuel.

The fuel is being delivered to Krasnoyarsk-26 for processing, which is paid for by the Ukrainian side. After the processing the waste will be glazed and sent back to Ukraine. Before the processing, the used nuclear fuel will be kept in the storage of Krasnoyarsk-26. Under the treaty, fuel is accepted for processing on condition that the waste will be returned to the territory of the state, which delivered it.

Now the Ukrainian Committee for the Nuclear Energy together with a U.S. firm is creating a storage for nuclear waste at the Zaporozhye NPP, a spokesman for the press service of the Committee told Tass. An experimental batch of metal-concrete containers for storing nuclear waste is expected to be produced in Ukraine before the end of the year.

Kiev Seen Changing Tack in Approach to Minsk

MM1807185295 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 First Edition p 1

[Commentary by Mikhail Shchipanov: "Minsk Crossroads. Belarus and Ukrainian Presidents Sign Set of Bilateral Agreements"]

[FBIS Translated Text] Ukrainian President Leonid Kuchma's official visit to Minsk was due last weekend but there was a delay, which merely served to intensify the interest in the Belarus-Ukraine summit.

Indeed, the approaches of the two neighboring Slav states to the difficult question of recreating the severed economic and political ties on one-sixth of the world's surface seemed too far apart. Belarus is one of the driving forces behind the development of a new post-Soviet form of integration. Ukraine, however, preferred to reserve its own "independent" opinion within the CIS framework.

Such a difference of approaches was bound to have an impact on the level of bilateral relations. Suffice it to say that commodity exchange between Ukraine and Belarus has declined to an unprecedentedly low level. But at the meeting the two presidents produced their diagnosis of this ailment without a moment's hesitation: the breakdown of traditional ties. So, did the two leaders find a way out of the present situation?

The point, clearly, is that it is due to the efforts of both Lukashenka and Kuchma that a real start can now be made on changing the structure of internal ties within the CIS, the guarantee of their joint rather than parallel development.

I have written before that in terms of treaty and law the configuration of the CIS is somewhat like a "daisy wheel" ["romashka"]: the CIS member countries preferred to conclude direct treaties with Russia, which then helped to create broader projects via a system of similar agreements.

On this occasion, in putting their signatures to a whole set of bilateral agreements, A. Lukashenka and L. Kuchma have given an impetus to the development of specifically horizontal ties within the CIS. It goes without saying that these fundamentally new agreements are exceptionally important — they make life easier not only for the politicians and businessmen but also for ordinary citizens who now even have the opportunity to exchange their apartments in Kiev for similar accommodations in Minsk. But in this instance it has also become clear that Ukraine, which sometimes clearly smarts at Russia's natural leadership in the CIS, would find it easier to resolve certain problems through Lukashenka's mediation.

Specifically, when in Minsk President Kuchma stated that in the near future Ukraine will be able to become a full member of what is at present the trilateral Customs Union. Admittedly, Kiev does not want to force the pace of this process — the legislative bases of several states have to be coordinated simultaneously. This was where the Ukrainian leadership revealed its new approach: namely, the proposal to begin by signing

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a Belarus-Ukraine treaty on free trade, after which the destruction of the walls and barriers which arose after the disintegration of the Union could begin at a more multilateral level.

In any event, the Ukrainian maneuver is clear to see. Pray God that Kiev decides not to indulge in posturing and seeks a form of cooperation in the post-Soviet area that is more acceptable to it. After all, the main thing now is to show patience in the quest for forms of cooperation based on compromise.

Migration Agreement Signed With Kyrgyzstan

MM1907104895 Moscow KRASNAYA ZVEZDA in Russian 19 Jul 95 p 3

[Report by ITAR-TASS journalist Tamara Slashcheva: "But People Are Still Leaving. Agreement Signed Between Kyrgyzstan and Russia on Regulating Migration Process and Protection of Migrants' Rights"]

[FBIS Translated Text] Bishkek — The process of migration between Kyrgyzstan and Russia has been placed on a legal footing. An agreement between the two countries on regulating the migration process and protecting migrants' rights was signed in Bishkek today. The document was signed by Zafar Khakimov, Kyrgyzstan minister of labor and social protection, and Tatyana Regent, director of the Russian Federal Migration Service.

"The document is important to both sides," Tatyana Regent told your ITAR-TASS correspondent after the signing ceremony. "We have now laid down legal norms for the migration process between the two states and have pledged not only to protect migrants' rights but also not to resort to the mandatory resettlement of people from our countries."

The disintegration of the USSR, Kyrgyzstan's switch to the state language, and the sharp deterioration of the economic situation in the country have triggered a wave of migration unprecedented in these parts. In 1991 71,315 people left Kyrgyzstan and in 1992 the figure was 103,728. Migration peaked in 1993, when 143,728 left the country. More than one-third of migrants went to Russia.

Kyrgyzstan has started losing specialists, and its authorities have begun considering in earnest the problem of the migration of representatives of non-indigenous ethnic groups. Documents have been adopted at a legal level which provide stiffer penalties for commonplace nationalism, which give preference to the language of the representatives of any ethnic group in areas where they form a compact social community, and which relegate the state language to second place in such instances. Higher educational institutions, departments, and faculties using Russian, Uzbek, Uygur, and the other languages of the peoples inhabiting Kyrgyzstan have begun operating in the republic and have been given state support.

As a result of all these measures the wave of migration has been stemmed. In the first quarter of this year only 8,911 people left the republic.

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Political Issues

President Yeltsin Interviewed From Hospital

LD1807182095 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 18 Jul 95

[Interview with President Boris Yeltsin by correspondent Aleksandr Galkin from the hospital in Moscow; from the "Vremya" newscast — recorded]

[FBIS Translated Text] [Yeltsin] Hello, comrades.

[Galkin] Hello, we are from the "Vremya" program.

[Yeltsin] Hello.

[Galkin] Boris Nikolayevich, today is Tuesday [18 July], the traditional day for your meeting with the prime minister. What did you talk with him about?

[Yeltsin] Well, we had not met for a little over a week; so, three of us met first of all — myself, Chernomyrdin, and [Nationalities] Minister [Vyacheslav] Mikhaylov, the head of the group at the talks with the Chechen Republic, of the delegation with the Chechen Republic. We discussed the issues that are still unresolved regarding this agreement. We came to a decision, our decision, of course, which we will suggest to the Chechens. If the agreement is signed, a presidential representative will be sent there. Until the elections take place, he will be the main person alongside the provisional government and committee. That is the biggest issue that we discussed. We reached a decision. The president had to resolve three or four fundamental issues.

We also discussed several staffing matters. I will not list which staff. There are still a number of unresolved issues. Some people have been dismissed and no one has yet been appointed. That is what we discussed.

We also discussed the currency market. How calmly things are developing there in Russia.

We exchanged opinions on tomorrow's speech — the account by Viktor Stepanovich Chernomyrdin at the State Duma, and his submission of Paramonova once again as head of the Central Bank, as well as a number of other issues, economic decrees on increasing the minimum wage, the budgetary sphere, and so on.

[Galkin] It was indelicate of me not to ask how you feel to begin with. How do you feel?

[Yeltsin] Well, it was not pleasant, of course, on the 10th. Generally speaking, it was a heart attack caused by ischemia. I was hospitalized and naturally I was not feeling all that well. However, doctors tackled this rather vigorously and 48 hours later things were already calm, followed by a positive convalescence, as it were, and the convalescence is under way now. As the doctors say, convalescence will be full, with no consequences at all, with a return, accordingly, to intensive work activity and to sports.

[Galkin] Will you play tennis?

[Yeltsin] Without fail, without fail. The doctors have shown such professionalism and have done all of this so quickly; otherwise, you could get stuck for months on end here. Well, practically they have put me on my feet and, well, I walk and I work a minimum of four hours a day now.

Some of our people, especially those in the money will, without fail, go abroad even if a boil needs to be lanced, as it were. This is embarassing, you know. In Russia we do have good medical services, despite the odds.

Of course, there is this question "when?" They, the doctors, are not able to give a specific date. So, I cannot either. But some time is still needed for my recovery, with the regime, my working time, as it were, being extended. I am already receiving people every day here. In short, my connection with Russia, its problems and issues, has not been broken.

[Galkin] Doctors say that you do not like to be a patient very much. Is this true?

[Yeltsin] This is true. I met the consultants yesterday, and the meeting was, so to speak, a little bit tough, I would say. I insisted on being discharged as soon as possible, you see, and to start work but they said no, you have to recover fully.

Russian people need not worry. I am grateful to all those who have been sending telegrams and letters and telephoning during this period expressing sympathy and wishing me to get well. Thank you, Russian people, for this. I will return to my duties soon. [video shows Yeltsin walking into a room, greeting correspondent; he stands throughout interview]

Yeltsin Meets Chernomyrdin on Chechen Settlement

LD1807162195 Moscow ITAR-TASS World Service in Russian 1436 GMT 18 Jul 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Excerpt] Moscow, 18 Jul (ITAR-TASS) — Russian President Boris Yeltsin met Prime Minister Viktor Chernomyrdin at the Central Clinical Hospital. Issues of a peaceful settlement in Chechnya and the negotiations with the Chechen delegation dominated the meeting. Boris Yeltsin said: "An acceptable

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option has been found for the delegation headed by [Vyacheslav] Mikhaylov." However, the president did not specify the details.

Sergey Medvedev, the Russian president's press secretary told ITAR-TASS that the head of state was feeling well, was in good mood, and joyful. [passage omitted]

In reply to a question by the ITAR-TASS news agency, Sergey Medvedev explained, quoting the president's doctors, that the ischemic heart condition had taken the form of a stenocardiac arrest, to which most men over the age of 40 are susceptible.

"On Monday the doctors held a serious council," Boris Yeltsin said in the television interview. He said he was tough, insisting that the doctors let him go out to work. However, the doctors were equally tough while trying to persuade him that he needed to complete the course of treatment until his strength is fully restored. [passage omitted]

According to Medvedev, in the course of today's meeting, as always scheduled for Tuesday, Yeltsin and Chernomyrdin discussed not only the situation in Chechnya, but also personnel matters. In the interview with the television, the president reminded that after the resignations over the tragedy in Budennovsk, there were vacancies in the federal structures and some considerable attention at the meeting was paid to filling them. Yeltsin did not deem it necessary to mention any names.

Yeltsin Photograph Suspected To Be From Vacation

LD1807124795 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 18 Jul 95

[FBIS Translated Text] Today's edition of KOMSOMOLSKAYA PRAVDA has published a photograph of Boris Yeltsin. The caption under the photo says the president is resting in the lounge of the Central Clinical Hospital. It also says the photo comes from the ASSOCIATED PRESS.

However an informed source has told our radio station that the photo fully corresponds to television footage filmed in Kislovodsk in April. A copy obtained from the archives of the Russian Television and Radio Company has shown that the two resemble each other even down to minute details — the same shirt, the same telephones, the same curtains.

Quite naturally, all officials deny that the photo is a forgery, saying the picture was taken at the Central Clinical Hospital.

However, one of our colleagues, who spoke on condition of anonymity, said:

[Begin recording of unidentified journalist] Through our archives we found a still from Kislovodsk, and when we compared the two we discovered they were, in principle, identical. In principle, there can be no argument that they are [word indistinct]. Today an expert from Reuters compared them on a special computer and also found that the photographs were, in principle, identical. [end recording]

Spokesman Refutes Doubts

LD1807151595 Moscow ITAR-TASS in English 1438 GMT 18 Jul 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] Moscow July 18 (ITAR-TASS) — Presidential spokesman Sergey Medvedev insisted Tuesday that the picture of Boris Yeltsin released by Kremlin on Friday was indeed taken on that day and in the hospital where the President is undergoing medical treatment, but said, however, that he himself had nothing to do with the photograph.

"The picture was taken last Friday evening by the personal photographer of the head of state", Medvedev told TASS adding: "I have nothing to do with the picture. I am not a photographer".

"It (the picture) was handed over through the press service of the President to the ITAR-TASS photo service on Friday evening, that is on the day when it was taken", he said.

Foreign news agencies said Tuesday that the picture was actually a photograph from a videofilm taken in April while Boris Yeltsin was vacationing in the southern spa of Kislovodsk.

Medvedev qualified the claims as "rather strange".

"I state with full responsibility that the picture of Boris Yeltsin was taken on Friday in the Central Clinical hospital where he is undergoing treatment after an aggravation of ischaemic heart disease", the spokesman stressed.

Explanations for 'Mix-Up' Considered

MK1907091095 Moscow KOMMERSANT-DAILY in Russian 19 Jul 95 p 1

[Report by Veronika Kutsyllo and Georgiy Bovt from the "President's Illness" column: "Whatever Happens Is All for the Better"]

[FBIS Translated Text] Boris Yeltsin's illness continues to worry the minds and hearts of the world public. The refusal to film the ailing president aroused some doubts about the authenticity of press reports of his virtually

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robust state of health. But yesterday a break occurred in the "information provision:" An interview with Boris Yeltsin was shown on the Vremya program in which he assured Russians that he will soon "come into operation [budet v stroyu]." And that was easy to believe, looking at the rather ruddy president. True, he did not appear on the screen just like that. The interview with the Vremya program was supposed to dispel rumors about the president's worsening state of health and prove the advantages of video filming over photography.

This story is rather strange. Friday ITAR-TASS circulated a picture of Boris Yeltsin in which the president, wearing a tennis shirt, is signing a document at a table. Monday the photo was shown on ORT during the Vremya program as evidence of the good state of health of the president, who is undergoing treatment at the Central Clinical Hospital. Monday evening the NBC TV company announced that the president's photo at the Central looks suspiciously like a still from video footage made back in April during Yeltsin's vacation in Kislovodsk. Reuter immediately spread NBC's opinion via its international channels. The threat of an international scandal emerged: It was being hinted to ITAR-TASS and with it to the president's press service that a falsification had been made. The photos are indeed very much alike: This is very easy to see.

The Presidential Press Service categorically denied the possibility of falsification: Its officer told KOMMERSANT-DAILY in no uncertain terms that the picture was made by Yeltsin's personal photographer on 14 July at the Central Clinical Hospital and given to ITAR-TASS. As it was established later, the photo's authorship is ascribed to Dmitriy Sokolov.

Reuter reports are received by many and, therefore, hypotheses began to proliferate, one more unpleasant than the other. The amazing similarity of the interior design on the two shots, made apparently with an interval of three and a half months and in different places, was attributed by some to a fantastic coincidence. This indeed can happen, though very rarely. For instance, the president could have only one tennis shirt which he wears in an informal situation (if yesterday's footage is to be believed, he still has at least two). This is how the mix-up was commented on by Irina Volodina, deputy chief of the ITAR-TASS Photo Information Department: She told Reuter that the president could "simply have put on his favorite tennis shirt." Possibly the interior of Yeltsin's office in Kislovodsk and in his ward at the Central Clinical Hospital are just the same, as in all Novotels around the world. But up to the "favorite crease" on the third fold of the curtains...?

Another hypothesis generated in the West is also fantastic: In fact, the president is in a very bad way, and an outdated photo was used in an effort to calm the public. But, first, the president, as yesterday's interview showed, is quite alive. Second, any such attempt is absolutely senseless: To pass off deliberately a three-month old picture for a fresh one — one could not think of a better way to provoke rumors about Yeltsin's state of health.

The third hypothesis appears more plausible: Indeed, there has been a falsification, but it originated not from the press service, but from quite different quarters. As Sergey Medvedev, the president's press secretary, said yesterday, photographer Dmitriy Sokolov indeed received an assignment (it remains unknown from whom) to photograph the president Friday. But Medvedev himself did not see the picture and he left the impression that he was really puzzled as to how this could have come about. Meanwhile, Sokolov is on the payroll of neither TASS nor the presidential press service. He is an officer of the Presidential Security Service headed by Aleksandr Korzhakov.

Who then has placed the Presidential Press Service in an embarrassing situation and forced it the whole day to engage in confirming the authenticity of the photo, and why? This question will most likely remain open. They say that clouds have long been gathering over Sokolov, whose works often appear abroad. Maybe the photographer decided to take his revenge in an unusual way? Maybe somebody wanted to take revenge on him? Or on the press service? Or on General Korzhakov? Well, anything can happen. Or maybe somebody just mixed something up.

But the main thing is that the president is getting better. And may God help him. If it was not for this mix-up with the photos, the people of Russia might still have had to wait a long time before they could see Boris Yeltsin on TV.

Chernomyrdin Discusses Economic, Social Course

MK1807122295 Moscow KOMMERSANT in Russian No. 26, 18 Jul 95 pp 12-13

[Interview with Prime Minister Viktor Chernomyrdin from the "Topical Issue" column: "Viktor Chernomyrdin: 'At Present We Shall Do Only What We Can Really Afford To Do'" — place and date not given]

[FBIS Translated Text] [KOMMERSANT] Are you satisfied with the results of the first six months?

[Chernomyrdin] As they say, not by 100 percent, certainly not. But on balance, considering what has been

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done, and how, and what has been left unfinished or done wrongly, I think that at the end of the day the government has worked productively.

First of all, the ruble has strengthened. It is becoming more profitable to "work" with it than with the dollar. And this is quite a substantial shift. The recently established band for the fluctuation of the ruble exchange rate helps to make the internal currency market more predictable.

Another important point is the reduction in the growth rate of prices. Of course, they are still relatively high. But it should be borne in mind that the nature of inflation itself has changed. The 6.7 percent in June has a far greater reduction potential than in previous years. There has been no emission-based financing of the budget. Its deficit has ceased to be an inflation source. There has been no reduction in the number of money turnovers. More of private individuals' funds go not only toward consumption but also toward savings, deposits, and so forth.

And this means that we have every possibility of curbing the growth in prices. There is only one condition here: to live through the second half of the year according to the approved budget and stay within its rigid parameters.

The third characteristic feature of the first six months of 1995 is the cessation of the overall production decline. Today we have closely approached the 1994 level in six-months' production volume. The May and June figures are even somewhat higher.

It is very important that production is not falling in the context of tough financial and monetary policy.

The situation with real incomes is also changing. In May and June their growth resumed.

While talking about the results, I naturally do not forget about the problems. And there are plenty. But the main thing is that we know them and tackle them. Still I shall thus formulate the main outcome of the past six months: We are ceasing just to survive [prekrashchayem tolko vyzhivat]; we are shifting — and in some areas have already shifted — to address creative tasks. A trend toward normalization has emerged in the economy.

[KOMMERSANT] How accurate has the scenario for the country's socioeconomic development in 1995, prepared by government experts, proved to be?

[Chernomyrdin] It has proved to be reliable enough for defining the main lines of economic and social policy and for making major decisions. As for deviations, they, in my opinion, are obvious to all. This concerns the price growth reduction rate, and forecasts for the dynamics of GDP and industrial production. In the former instance the experts were too optimistic. And it is now clear why: The extent of the "dollarization" of the economy was obviously underestimated. In the latter case, quite the contrary; life disproved the original forecasts. Instead of seeing a continuing decline we have closely approached stabilization.

There is just one conclusion: We should know better what happens in the monetary sphere and in the financial sector, and treat the motive market forces with more trust.

[KOMMERSANT] At present many deputies expect that in your 19 July statement you will announce changes in the government economic policy. How justified are these expectations?

[Chernomyrdin] I hope that I will be understood correctly if I say that any policy and any reform are doomed if they do not preserve the capability for alternative solutions, and the search for better options. In politics there are always changes. Their essence, content, and orientation are another matter, though.

Today the country's economy is objectively entering a new stage of reformation. As financial stabilization tasks are implemented, we should move to the stimulation of investments, to industrial and structural policy.

New possibilities emerge for more active and purposeful conduct of social policy. Much is yet to be done in order to create new and consolidate existing market institutions. The policy content is determined by the tasks that need to be addressed now and those that will need to be addressed tomorrow. This will in fact be the subject of my speech in the State Duma.

[KOMMERSANT] Do you not think that toward the time of the December elections the government's popularity could be jeopardized if the tough financial policy pursued by you is not softened?

[Chernomyrdin] First of all, I would like to thank you for raising this question. If journalists begin to talk about the government's popularity, we have achieved something after all. Therefore the economy has seen not only upheavals, disintegration, collapses, and crises but also positive shifts. Therefore, one can no longer fail to see the trends toward normalization and stabilization.

Hence my answer: The threat lies actually in the reverse; in deviating from the economic policy course, in inconsistent action, in a constant revision of the barely established "rules of the game."

Those are trusted who are predictable, stable, who answer for their actions, who persistently and confidently move toward the defined goals, and achieve good results.

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If we say that the country has significant chances to advance in addressing the tasks of financial stabilization and the general economic stabilization this year, then we must cover the second half of the way, the second six months, at the same pace, without revising the logic of our actions. Of course, we shall maneuver and respond to new circumstances. Politics is always the art of the possible. But it is inadmissible to abandon the course. Nor is this possible. Then we shall simply throw ourselves back two to three years. What the voter will say in this instance needs no comment, I think.

[KOMMERSANT] In advance of your speech in the Duma there have been increasing statements that in the context of a substantial growth in unemployment and persisting high inflation, in the second half the government should primarily focus on social policy. Do you agree with this approach?

[Chernomyrdin] In principle, yes. Indeed, greater possibilities are emerging for social policy. I would only somewhat change causes and effects. The fact is not that social threats have grown and we are rushing like a firefighting team to extinguish them. The situation is different. If anything, there has been no explosive growth of unemployment. The level of inflation is relatively high but, as I said earlier, it has a different origin, and it is to a substantial extent becoming manageable. Its rates will continue to fall. Gradually, production is reviving. The economy is getting better.

Therefore social policy, too, has a different, sounder basis. In brief, there is more well-based realism and sober calculation in social policy. It is on this, incidentally, that the Russian president's budget message to the government for 1996 is based, as is next year's budget itself, which provides for an increase in the share of basic social articles in state expenditures.

At present we are preparing a number of decisions on raising the minimum wages, pensions, and so forth. In September we shall start implementing them. We are working on mechanisms of restoring the population's savings. With the view to protecting depositors interests, we shall create the institution of shareholding investment funds. As you can see, the program for the second half is quite tight [plotnaya].

There is also another point I would like to make. I have always believed that social policy, like no other policy, tolerates no fuss, ostentatiousness, or loud campaigning. Real responsibility here means that pledges should be closely linked with the actual state of the economy, its capabilities. This is why today we shall be doing only what we can really afford to do.

Chechen Talks Envoy Speaks; To Depart for Groznyy

Predicts Accord

LD1907104195 Moscow ITAR-TASS in English 1030 GMT 19 Jul 95

[By Oleg Velichko]

[FBIS Transcribed Text] Moscow July 19 (ITAR-TASS) — Chief Russian negotiator at Chechen peace talks is sure the final agreement will be signed and stressed that both President Boris Yeltsin and Prime minister Viktor Chernomyrdin stand for a peaceful solution of the crisis.

"The agreement on a peaceful settlement in Chechnya will be signed between the Russian government and the Chechen republic", Mikhaylov told a press conference on Wednesday before leaving for Groznyy where peace talks are to resume Thursday.

The strategy of the talks is "to switch from a power solution of the conflict to a peaceful settlement", Mikhaylov said adding that the stance was confirmed during his talks with the President and the premier Tuesday.

Speaking on the key issue of the Chechen status, Mikhaylov said that "four lines" have been added to the agreement. "The four lines which will be enshrined in the already prepared agreement are of principle importance as they have to combine the principles of the integrity of the Russian state and the right of peoples for self-determination", the negotiator said, but did not elaborate on the contents of the four lines.

He added, however, that the final Chechen status is to be fixed after elections in the republic.

Mikhaylov stressed that the return of all refugees can ensure the legitimacy of elections in Chechnya. Experts assess that some 300,000 people, including ethnic Russians, have fled the republic. "Without the return of the so-called Russian-speaking population it will be hardly possible to stabilise the situation in the republic", Mikhaylov said.

He explained how the three stages of disarmament of Chechen militants would go. Initially self-defence units armed with small weapons and numbering 15-20 men will remain in Chechen settlements. They will be disarmed after law enforcement agencies are created. And finally weapons will be bought out from the population.

Mikhaylov said that the parties had agreed that a Russian Army and an Interior brigade would be deployed in Chechnya.

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The chief Russian negotiator criticised Federation Council speaker Vladimir Shumeyko for saying that Chechnya may be represented at a conference of Caucasian leaders in Sochi by Ingushi President Ruslan Aushev. He said Shumeyko "possesses big political fantasy". "Let Vladimir Shumeyko make the statement in (the Ingushi capital of) Nazran and see the reaction of the population", he advised.

Mikhaylov also brushed aside accusations that Russia should not have held negotiations with Chechens under the OSCE [Organization for Security and Cooperation in Europe] auspices. "The negotiating process is going with the help of the OSCE and the presence of international observers adds political and international weight to the talks", he said.

Mikhaylov added that the future of Chechen separatist leader Dzhokhar Dudayev was not discussed at the talks.

New Government Proposal Detailed

LD1907114195 Moscow INTERFAX in English 0939 GMT 19 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — As INTERFAX has learned, the Russian delegation, which on Wednesday will fly to Groznyy to continue negotiations with Dzhokhar Dudayev's supporters, has new proposal to settle the major item of contradictions in the political package of issues, namely on Chechnya's status.

According to sources in the Russian delegation, the new wording stipulates that "Umar Avturkhanov's national accord committee and Salambek Khadzhiyev's national revival government will exist simultaneously with Dudayev's government."

As the source said, this wording means a compromise which will help to finally conclude discussing the political package of issues.

Earlier the Russian party insisted that the issue on the republic's status should be solved in the framework of a federal treaty with Russia which could be signed by the Chechen representatives after the elections in Chechnya scheduled for November and formation of a new Chechen government.

Dudayev's supporters deem it necessary to fix in the final document a provision saying that Chechnya remains a sovereign republic up to new elections.

The Russian side believes that this wording would mean recognition of Dudayev's government.

Sources in the Russian delegation reported that at the Monday consultations in Groznyy representatives of the parties "concluded developing concrete mechanisms to lay down the arms, and to destroy or, in some cases, to redeem the arms."

Consequently, in general the military package of issues has been completely solved. However, Russian representatives believe that the military package should be linked with the political package of issues, source in the Russian delegation underlined.

Reportage on Constitutional Court's Chechen Case

Shakhray Defends Government Actions

LD1807164795 Moscow INTERFAX in English 1601 GMT 18 Jul 95

[From the "Presidential Bulletin" feature: By Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — Deputy Prime Minister Sergey Shakhray who represents the president and government in the Constitutional Court [CC], said that what their decrees and ordinances on Chechnya were justified and aimed at restoring the highest constitutional values. [sentence as received] He was making concluding remarks in the so-called Chechen case in the CC.

IF Note: The CC considers the case filed by upper and lower house members who say that the presidential decrees and government ordinances leading to hostilities in Chechnya were unconstitutional.

Shakhray said that the decrees and ordinances were adequate in the context of the danger the Dudayev regime posed to individuals, society and the state. "They are legitimate under the Russian Constitution, federal legislation and international law," he argued.

Shakhray believes that these activities have resulted in starting the restoration of the constitutional order, protecting the territorial unity of the country, enforcing the state sovereignty and supremacy of the Russian Constitution and starting the restoration of the state-run systems protecting the constitutional rights and freedoms of Russia's citizens.

He is convinced that it is the activities of the Dudayev regime that brought about the socio-political crisis in Chechnya. In Shakhray's words, the increasing scale of human rights violations and numerous civilian casualties in the clashes between Dudayev's illegal militias and the opposition made continuation of a political dialog impossible until the illegal militias are disarmed and disbanded.

Shakhray argued that numerous political initiatives on the part of the Russian leadership and compromises it

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offered failed because Dudayev demanded recognition of Chechnya's independence from Russia as a precondition.

In Shakhray's view, the Dudayev regime rejected every possibility of a constructive solution.

"We are confident that under the circumstances inaction on the part of the president and government would have been a real crime against the Constitution," Shakhray said.

He emphasized that none of the arguments advanced by the president's and government's party in the court has been refuted. Shakhray believed that the presidential decrees were consistent with the law and the president acted within his constitutional powers. The Federal Assembly members have failed to prove illegality of using the armed forces in Chechnya, Shakhray said.

He expressed the hope that the CC ruling will protect the fundamentals of the constitutional system, the basic human rights and freedoms and the principle that the Russian Constitution is the overriding piece of legislation directly applicable throughout the country.

Yelena Mizulina, who represents the Federation Council in the CC, said that no constitutional provision enables the president to use the armed forces in the country without consulting parliament and so the CC should rule that all the presidential decrees and government ordinances that led to hostilities in Chechnya were inconsistent with the country's Fundamental Law.

In Mizulina'w words, the arguments advanced by Shakhray boil down to political expediency and have no legal value. In her words, Shakhray quotes only those parts of the Constitution that prove his case and ignores what shows that the MPs are right.

Either side heard the other but stands by its own opinion, former justice minister Yuriy Kalmykov, who represents the State Duma, said. In his view, the president and government have no case at all.

Anatoliy Lukyanov, MP, who represented the State Duma in the court, said in his conclusive remarks Tuesday that the president's representatives interpreted the legislation which allegedly justifies the Chechnya war in a biased way.

In his view, the case his opponents have presented is unconvincing and far-fetched.

Lukyanov called on the CC to rule that the president and government ignored parliament's opinion when they chose the military option in Chechnya. "We have never been told who made a decision to circumvent parliament and what kind of discussion the National Security Council had," Lukyanov said. He emphasized that political vindication of the arbitrary decision, something the president's representatives want the CC to do, would be inadmissible.

He believed that if it rules that the presidential decrees were constitutional, the CC will contribute to arbitrary rule in Russia and invite new conflicts, probably a civil war.

The Constitutional Court is expected to hand out a ruling on the Chechen case Wednesday, July 19.

Judge Proposes Continued Hearings

LD1807141395 Moscow INTERFAX in English 1215 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — Constitutional Court [CC] Judge Valeriy Zorkin on Tuesday proposed that the court continue examining the inquiry, from parliament, on whether the top Russian leadership's decision to send troops into Chechnya last December conformed with the Constitution.

Zorkin told a Constitutional Court session after both sides had presented their cases that the judges still lack information on all the motivations for the decrees by President Boris Yeltsin and the directive by the government that led to military intervention in the breakaway region. He complained that documents the court had requested for clarification had not been provided.

Nor was it clear whether, prior to deciding to use force against the secessionist regime of President Dzhokhar Dudayev, Moscow had exhausted all its opportunities to reach a political solution to its conflict with the separatists.

Neither had any no proof [as received] been furnished that the orders to move troops into Chechnya were in line with Russia's official military doctrine, Zorkin said.

If the judges do not have answers to those questions, they "will be unable to formulate their own position" and "will risk becoming hostages to (somebody else's) political ambitions," Zorkin warned.

Whether the court will go on with the matter or decide to start working out a verdict is to be clear after the judges finish a meeting they began after Tuesday's court session.

OSCE Official Discusses Groznyy Peace Talks

LD1807162595 Moscow INTERFAX in English 1525 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — OSCE [Organization for Security and Coop-

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eration in Europe] Secretary-General Wilhelm Heinck told a news conference in Moscow Tuesday [18 July] that the two sides taking part in the Groznyy peace talks "should find the solutions to settle the Chechnya conflict themselves." "The function of the OSCE is to help them find such solutions," he emphasized.

The news conference focused on the results of the two-day seminar entitled "20 Years of the Helsinki Final Act: Towards a New European Security."

Heinck said the Chechnya conflict should be settled within the framework of Russia's Constitution in accordance with the principle of its territorial integrity. However, he declined to comment on Dzhokhar Dudayev's political past, present and future. In his opinion, speculations on the subject "can only have a negative impact on the progress of talks in Groznyy."

A representative of the OSCE chairman, Hungary's Deputy Foreign Secretary Endre Erdes, pointed out "the unique role" of the OSCE in the settlement of the Chechnya conflict. The very fact that talks were going on between the federal authorities and pro-Dudayev rebels is already a success of the organization, he added.

Erdes hoped the Groznyy talks will succeed and produce a joint final document which will comprise the basis of a Chechnya settlement.

Shumeyko Briefs Yeltsin, Press on Caucasus Visit

LD1807114795 Moscow INTERFAX in English 1018 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — The speaker of the upper house of the Russian parliament (the Federation Council) Vladimir Shumeyko on Monday briefed President Yeltsin on the results of the Federation Council delegation's visit to Georgia, Azerbaijan and Armenia, which took place on July 11 through 15.

"I told the president on the phone everything that can be said over the phone," Shumeyko told a news conference in Moscow on Tuesday. He did not say anything about President Yeltsin's response.

Shumeyko confirmed his attitude to the Abkhaz leader Vladislav Ardzinba which he voiced on July 13. "I did not insult Ardzinba personally. I just said that a politician who has chosen separatism and genocide as his mode of action is a criminal politician. Such a politician must be isolated. I did not say anything about Ardzinba as a person, whether he is good or bad. He is most certainly a nice man and a good father and husband. What I did say is that he is a criminal politician," Shumeyko said.

He believes that Ardzinba's policies are detrimental to the interests of Russia, Georgia, the Caucasus and the CIS in general.

Shumeyko reminded that from the standpoint of international law the Soviet Union collapsed leaving the administrative borders of all republics intact. He said that Abkhazia was an integral part of Georgia and it was unlawful to describe Georgia's policies towards Abkhazia as aggression. Shumeyko believes it is just as wrong to use the phrase "Russian and Chechen side" in relation to the talks in Groznyy. "The negotiations in Groznyy are being held by the federal authorities and an individual member of the federation. After all, somebody must say what Russia really is. On the one hand it is a great country and on the other it flirts with separatists. Let diplomats do the flirting, it is their job," Shumeyko said.

About the return of Georgian refugees to the Gali district of Abkhazia, who are to be escorted by peacekeepers, Shumeyko said that there have been reports that Ardzinba had moved armored vehicles into the security zone and that inquiries are now being made on this score. "Everything must be settled peacefully," Shumeyko said.

"I don't think somebody would dare come out against Russian troops," Shumeyko said. He believes that the problem will be settled within a matter of days, "the more so since Ardzinba has repeatedly said that he is prepared to let in 200-300 refugees everyday."

Yeltsin Edict Initiates Duma Election Campaign

MM1907121995 Moscow ROSSIYSKIYE VESTI in Russian 19 Jul 95 pp 1, 2

[Report by Lyubov Tsukanova: "Election Campaign Starts"]

[FBIS Translated Text] With the publication of the Russian Federation president's edict naming 17 December 1995 as the date of the elections of deputies of the new State Duma, the 1995 election campaign has officially started.

According to the law on elections of deputies of the lower chamber of parliament, the elections have to be announced at least four months prior to the day they are held. The president has given all the election participants a start: They have five full months before 17 December, time enough, according to Central Electoral Commission Chairman Nikolay Ryabov, for all the participants in the election process, from Central Electoral Commission to parties, movements, and individuals seeking power, to meet the requirements of the law and realize their own political aspirations.

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The election campaign has its own set of procedures, a certain sequence of electoral actions. And not only ordinary voters but the actual participants in the elections must know this. At a meeting with journalists yesterday the Central Electoral Commission chairman saw fit to stress that if tomorrow or the day after tomorrow people are approached in the street and asked to sign "for a party," this is purely an independent venture and should be regarded as such. The collection of signatures cannot begin before the Central Electoral Commission has published the list of electoral districts and has registered the particular electoral association. The list of districts can be promulgated when the relevant law on determining the borders of districts, adopted by the State Duma, has been approved by the Federation Council and signed by President Yeltsin. The adoption of this law is a very important stage of the election campaign. It is directly linked to the registration of voters, and Nikolay Ryabov saw fit to note that for the first time in the history of Russian electoral law this procedure has been placed on a legislative basis.

With the approval of the layout [skhema] of the electoral districts and promulgation of the list of them (by law, not later than 108 days before the elections) the period of active work by party and associations intending to participate in the elections will begin: congresses and conferences to approve election programs, form blocs, approve lists of candidates for the federal district and nominate candidates for single-seat districts. The Central Electoral Commission believes that parties and associations will be able to begin this work in mid-August.

The Central Electoral Commission, as Nikolay Ryabov said, is operating normally. The formation of electoral commissions in the Federation components is to finish before the end of July — this work is nearing completion. Work continues on providing equipment and training specialists for the "Elections" state automated system. Draft Central Electoral Commission instructions are ready on the use of the media for election campaigning — before it is adopted the Central Electoral Commission intends to collect comments and proposals from interested parties. Instructions are being prepared on the funding of the election campaign. The Central Electoral Commission has reacted very badly to all the suspicions in the press and from parties and public movements about a lack of objectivity, and therefore intends to operate as openly as possible, keeping the public informed of every step it takes and of each new stage in the election campaign.

Satarov Assesses Run-Up to Elections

MK1807104295 Moscow SEGODNYA in Russian 15 Jul 95 p 6

[Interview with Georgiy Satarov, member of the Presidential Council and assistant to the Russian president for liaison with the Federal Assembly, political parties, and public organizations, by Yelena Tregubova under the "Opinion" rubric in the "Corridors of Power" column: "Georgiy Satarov: We Would Like To Score an Honest Victory — for Purely Esthetic Reasons;" place and date not given; first paragraph is SEGODNYA introduction]

[FBIS Translated Text] Georgiy Aleksandrovich Satarov was born in Moscow in 1947. He graduated from the Moscow State Pedagogical Institute's School of Mathematics and is a candidate of technical sciences. Since 1990 he has been the director of the "Indem" (Information Science for Democracy) Center of Applied Political Studies and since February 1993 a member of the Presidential Council of the Russian Federation. Since February 1994 he has been the assistant to the Russian Federation president for liaison with the Federal Assembly, political parties, and public organizations.

[Tregubova] Georgiy Aleksandrovich, has the presidential team worked out a strategy for promoting its candidates in future presidential elections?

[Satarov] What a question! Yes, certainly, something has been done along these lines. But this is a delicate matter. Let us put it this way: Work for the future is needed in any event, because if a wait-and-see attitude is adopted now in anticipation of how things will eventually shape up — if, to put it bluntly, the president says "I will" or "I won't" — and nothing is done before that moment, this is trivial [eto trivialno], isn't it? Generally speaking, Boris Nikolayevich is free not to contest the next elections. But as far as his aides as concerned, this work will remain to be done just the same.

[Tregubova] What specifically will you be doing along this line?

[Satarov] Oh no, this I cannot tell, unfortunately. It is a professional secret.

[Tregubova] Lately many politicians and mass media outlets have been saying that there has been a "growing mistrust" between the Kremlin and Krasnopresnenskaya Embankment, that presidential advisers look on the premier's success stories with suspicion and jealousy, and so forth. Which is in fact more characteristic of the relationship between the president and the premier: a sort of rivalry, or Chernomyrdin's readiness to replace

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Boris Yeltsin and Boris Yeltsin's readiness to perceive him as successor to his course?

[Satarov] Let us do this: I shall ask you leading questions. Do you think the idea of creating the Our Home Is Russia bloc was discussed between the president and Chernomyrdin? Of course, it was. Do you think that it was discussed before or after Chernomyrdin announced it? Before is probably the right answer. The president is a politician and, as is known, first, an experienced one, and, second, everybody recognizes that he has good political acumen. Do you think he took into account the fact that Chernomyrdin's statement about creating the bloc would immediately transfer him into the category of a public politician? Did the president understand the meaning of a public politician? It is a man who is by definition more exposed to publicity, who banks on certain effects from this "exposure," and so forth. Naturally the president understood all this and took into account that it will be perceived as a certain measure of strengthening Chernomyrdin in relation to the president.

As for "envy," it is difficult for me to speak about any fine movements of the president's soul because I did not ask him about this. But I think that he reacts to this situation correctly and understands that all these articles in the papers — "Now, see, Chernomyrdin's rating is the highest and the president comes second" — are just the predictable, inevitable price for Chernomyrdin's becoming a public politician.

[Tregubova] In other words, journalists can unequivocally regard Chernomyrdin as Yeltsin's future successor?

[Satarov] No. At present the fact is that Chernomyrdin has become a leader of a political movement, with all the ensuing consequences. With respect to the consequences, did you notice that since Viktor Stepanovich decisively entered public politics, he has begun to behave somewhat differently? But this is not all. As far as I know, he has even begun to look differently on the decisions he makes. But I should like to stress once again: What this is primarily all about are parliamentary elections, a victory by the party of power, no matter what rude and bad words are used in reference to it.

[Tregubova] After the previous parliamentary elections people in the democratic camp and in the presidential team began to say that the election agitation by the communists and the Zhirinovskiyites, including in the mass media, was more effective and potent. Has any antidote been worked out?

[Satarov] Certain people have analyzed all these mistakes, of course. Theoretically. But their conclusions can only be tested experimentally.

[Tregubova] Is the outcome of the upcoming parliamentary elections predictable? Is it possible — just like now when the government has established a "hard currency corridor" — clearly to outline a minimum program for the parliamentary elections and a maximum program for the party of power?

[Satarov] A normative model of a future parliament looks as follows: If everything is all right with the Rybkin bloc (and I think that this will finally happen in July) and if they, together with Our Home, poll at least 35-40 percent of the overall vote, this will be normal. Next a few structures will join them in order to form a strategic majority. Of those that exist today these are possibly Women of Russia, the emerging Gaydar-Yavlinskiy bloc, and also some of the independent deputies. Maybe some other players will also come around, but I have mentioned those that are more or less well in evidence.

[Tregubova] And what about the remaining part of parliament, which will not be part of this configuration? What will it be like?

[Satarov] I think that the communists, the LDPR, and the agrarians should not get more [votes] than they did in the previous elections. If the Rybkin bloc realizes itself in a normal way, it will reduce the turf [pyatachok] controlled by the communists, agrarians, and Zhirinovskiyites. Their electoral space will be diminished. Furthermore, new players will appear on it. For instance, Rutskoy is beginning to graze just about the same fields. Skokov is also emerging there. In other words, there will be no limits on the number of players on them, as in the previous elections. After all, back at that time Rutskoy, excuse me, was in prison. Skokov was engaged in other business. Today an increase in the number of players will naturally not give them more votes.

Another flank is represented by Yavlinskiy. Here, too, new players have come forth who are nibbling [shchiplyut] his grass. For instance, Boris Fedorov. He nibbles Yavlinskiy's grass in the sense that he is opposed to the course. On the other hand, he resembles Yavlinskiy, because he is also a sort of a democrat — in the current lingo. But at the same time Fedorov's other side is on another flank — the populists, the etatists — and he diverts votes from Zhirinovskiy.

Much depends on whether various moderately-sized [ne ochen krupnyye] democrats will manage to hang together [sbitsya] on the small patch that has remained between Chernomyrdin, Yavlinskiy, and maybe Fedorov — if he contests the elections separately, as he plans. There is some space there. And if they manage to unite, this fact per se will have a mobilizing effect on the

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voters. Association is a serious symbolic step, arousing trust. And they understand this.

[Tregubova] And will Lebed, together with Skokov's association, manage to score any successes in the elections?

[Satarov] It is not clear yet that Lebed will be there, with Skokov, in the first place. After all, he has not so far sworn allegiance to anybody. Everything can change, you know. The present picture will be changing; it can undergo many metamorphoses in the next few months.

Then the following factor also needs to be taken into account: When we talk about how parties are formed, oftentimes we only mean what is happening in Moscow. Yet in the regions some totally different things can happen. Say that in Moscow Zhirinovskiy and Zyuganov cannot come to terms, and I suppose they never will, but in an individual constituency they form a stable alliance and field a common candidate, say, from the Anpilov party, the Communist Party of the Russian Federation, and the Zhirinovskiy party. And this is in no way related to the processes that are unfolding at the center; there is a tremendous gap here.

[Tregubova] How do you view the prospects of Gorbachev, who has announced his intention to contest the presidential elections? Also, the prospects of his supporters in the parliamentary elections?

[Satarov] I do not know anything about his people in the parliamentary elections. Tsipko collaborates with Rybkin. But in his private capacity, not as Gorbachev's agent.

[Tregubova] Does this mean that Rybkin's bloc will not become Gorbachev's bloc?

[Satarov] No, no! Rybkin and Gorbachev have met and talked, but.... Nothing will come of it. This will not happen. Gorbachev on his own in presidential elections has absolutely no chances, I think.

[Tregubova] How likely today is cooperation between the old elite, the old nomenklatura, and the new elite? Is it possible that people from the old elite, even if they do not affiliate with Our Home, will at least collaborate with it in running the country, not engage in counteracting? For instance, today Arkadiy Ivanovich Volskiy, a man of the old wave, is doing a very good job at peace negotiations in Groznyy.

[Satarov] This is certainly possible. Volskiy, for example, got into the union Congress of People's Deputies on a partisan 100-member quota. So, beginning with the first congresses, he voted not like the party 100 and not like the bulk of communists. He had a special position; he was much closer to the center, to the democrats. In spite of the fact that he did not hang out [tusovalsya] with the Interregional Group, Volskiy has always been ideologically different from the majority of the communists. Generally speaking, he is a very flexible person.

As for the union of the old and new elite, it already exists. What do you think Chernomyrdin is? Or Yeltsin, from the point of view of the social trajectory [po sotsialnoy trayektorii]? True, the word "union" is a bit of a misnomer here; things go much deeper. The fact is that it is precisely representatives of the old nomenklatura who are among those most interested in capitalism. And none of them — those who are more or less sensible — in effect engage in counteraction any longer.

Look at the Communist Party of the Russian Federation — this is a party of those who were unlucky, who did not realize in good time what had happened, and did not rush to seize control of this new property in order to manage it under the new conditions and according to new laws.

[Tregubova] You spoke about the difference between elections in Moscow and in the regions. After the recent local elections there have been numerous reports about ballot rigging on the part of the local authorities. Are you sure that in the upcoming elections the heads of republics will support candidates from the federal "party of power"?

[Satarov] Well, this was one aim of creating the Our Home Is Russia bloc, as you may have guessed already. And even now, say, the leaders of Tatarstan and Bashkiria have shown such a readiness: They state that they will not support anybody except our candidates. We shall see what will happen in reality.

But you started off with a different point — the problem of ballot rigging. It does exist. The fact is that the election law is far from ideal in this respect. It contains many vague, loosely defined norms; for instance, it says that voters may not be paid off. What does that mean? Where does agitation end and bribery begin? The same goes for oversight in vote counting: There are some fuzzy provisions. There will be three lines of work here. First, instructions by the Central Electoral Committee, which are being worked out now. I myself take part in special briefings at the Central Electoral Committee. Second, under the Constitution, the president may issue edicts within the framework of this law. Third, the informal part: organizing public oversight. Furthermore, the president has planned a whole series of meetings whose subject matter can be formulated as follows: "How the upcoming elections should proceed."

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In general, there is a problem, and it is recognized. We shall try to do something. We want to score an honest victory — if only out of purely esthetic considerations.

[Tregubova] How do you think the consideration of the "Chechen case" in the Constitutional Court will end, and will it affect the election campaign?

[Satarov] How it will end I will definitely not say. This would be a form of pressure on the court, and it is not a proper thing to do. The "Chechen case" could affect the election campaign if it were considered in the fall, as the opposition wanted. Although they complained that the court was dragging its feet on the case, the court still decided to consider it as a matter of emergency. In fact the opposition hoped that the case would be heard as a matter of routine procedure, at the height of an election campaign. But it will happen now, and fairly quickly, because the problem, in my opinion, is clear enough.

[Tregubova] Is the success of the peace negotiations in Chechnya feasible now? And, generally speaking, what is the nation's leader's guideline today: Should they be finalized or not?

[Satarov] They must. This is realistic primarily because the situation has fundamentally changed: In effect Dudayev no longer has an army. As far as heavy weapons go, even if they do remain, there are only a few hidden pieces left. This is a fundamentally different military situation. The Russian side can be suspected of sitting there because of Budennovsk but it would be strange also to suspect Dudayev of this. Look, the negotiations are continuing even in spite of this horrible provocation last week.

[Tregubova] Apart from the incident that you have mentioned, there was also Chernomyrdin's sensational statement during the talks with Basayev: "There are sources of provocation there." What is this third force that engages in provocations and thwarts the peace talks? Why is it that the state is not only incapable of stopping such provocations but cannot even name the force which organizes them?

[Satarov] Well, first of all, the actual executors of the provocation that we have begun to discuss have not been identified yet. And even if they have been, they do not represent the side that initiated this provocation. There are forces on both sides that stand to lose from the peace negotiations. You proceed from the assumption that this is a certain organized, monolithic force. But this is not necessarily so.

[Tregubova] What is it then?

[Satarov] A provocation can well be provoked by an ulterior motive [vnutrennyaya ustanovka] of many people not related to each other organizationally.

[Tregubova] In other words, when the premier was conducting negotiations with Budennovsk, on which the hostages' lives depended, and could not stop the bombardment of the hospital, you believe some unorganized force was at work?

[Satarov] I don't know. This needs to be straightened out....

[Tregubova] Why then is it not being straightened out, and why has it not even once been announced outloud who is to blame? Why do the state leaders dare not name the organizers of the provocations?

[Satarov] I shall now talk about something different, but maybe this will make it clearer. Totalitarianism cannot be overcome at one fell swoop, by some administrative measures — identify, punish, isolate — if this totalitarianism is spread around [ponemnozhku rassredotochen] in every one of us. And this party of war, just like totalitarianism, is maybe also ingrained, in small bits, in ourselves.

[Tregubova] Are you trying to say that a person signs an order on peace negotiations with his right hand and makes a provocation with his left one, in order to thwart them?

[Satarov] No, it is different with different people. Of course, people rarely organize provocations for themselves.

[Tregubova] So these must be different people after all? Why can't they be identified then?

[Satarov] I am trying to make a different point. We have just discussed a similar subject with Viktor Vasilyevich Ilyushin. There is Krasnov, our representative, in the negotiating group. And we analyze something here. As a result, we come up with one thing, they with another, although we are always in touch. This situation is similar to a football match: A game is in progress; the coach sits upstairs and sees everything differently than the players on the field. They have totally different vantage points. Can you really say whose point of view is correct — the one who sees the overall picture and does not feel the kicks on his legs or those who feel these kicks but do not see the overall picture? Many situations in life are just like that. But trainers at least have the possibility of meeting with the players during the break and making adjustments. In real life, however, it is very difficult to bring these two points of view together. There is no unequivocal approach here.

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[Tregubova] But the situation we are talking about is in fact extremely unequivocal: to shoot or not to shoot.

[Satarov] You say an unequivocal situation.... Some people considered it a crime that the assault was stopped in the first place.

[Tregubova] Then, in your opinion, it is quite all right when orders by state leaders are not carried out and provocations continue?

[Satarov] Certainly not.... And again you call this "provocations."

[Tregubova] You earlier admitted yourself that they do occur....

[Satarov] Maybe, in the final analysis, I had no right to, because I do not know whether this was a deliverable action with the aim of thwarting the negotiations — and then it can be described as a provocation — or whether it was an excess, absolutely unrelated to this — you know, a bunch of drunks.... But, of course, even without being a provocation, the incident could have played a provocative role.

[Tregubova] Then all such instances, which have been happening regularly in the recent period, can be ascribed to some unorganized force, a bunch of drunks, and so forth?

[Satarov] No. I did not say that this is necessarily drunks. I said that it must be a subject of investigation. I know that approximately 200 prosecutor-initiated investigations are now under way into what is going on in Chechnya.

[Tregubova] Georgiy Aleksandrovich, who, generally speaking — to use your term — has "calculated" the entire Chechen war? Where is that think tank which the Russian leadership used in launching it?

[Satarov] I am afraid there has been none; that is to day, in the sense that not everything was calculated. Something was calculated and something not. For instance, even now it is clear to everybody that the possible political implications of this campaign were absolutely disregarded.

[Tregubova] Being in the presidential team, do you personally often have to uphold something which under other circumstances you would never otherwise support?

[Satarov] Less often recently. And, furthermore, there are various ways of expressing disagreement. Within the team I can always express my point of view absolutely freely.

[Tregubova] Georgiy Aleksandrovich, among journalists who often visit the Kremlin it is only the lazy who do not tell stories about the ubiquitous eavesdropping, about paper notes being passed among officials as a means of communication if they have to say something important, and so forth.

[Satarov] I myself do not resort to this note-passing ritual. But I have conversed with people in such a manner at their own initiative — simply so as not to embarrass them since they feel more comfortable that way.

[Tregubova] Is your office bugged?

[Satarov] I don't know. At least I have never made allowances for that.

[Tregubova] And what about the people whom journalists consider to be the Kremlin's "eminences grises"?

[Satarov] I have dealt, for instance, with Aleksandr Korzhakov and Georgiy Ragozin: They are normal people — just like you and me.

[Tregubova] In other words, they did not try to tamper with your subconscious?

[Satarov] Not that I know of. Maybe they did but I did not notice. Once I even had lunch with Georgiy Georgiyevich at the same table. And nothing happened. Generally, I must say that all this talk is, to put it mildly, a strong overstatement.

[Tregubova] Is General Korzhakov really the most influential figure in the president's inner circle?

[Satarov] No. Definitely not.

[Tregubova] Who enjoys the greatest influence then?

[Satarov] Well, in the economic sphere, Livshits; in other spheres, other people....

[Tregubova] What will you and other assistants to Boris Yeltsin do if a new president comes along? Will you join the new team?

[Satarov] Probably not.

[Tregubova] Not even if the next president is Yeltsin's successor, continuing his policy?

[Satarov] Not even then. How can I explain this.... What keeps us here, these are such delicate things.... It's the team, the atmosphere, and the president himself. All this can be easily destroyed.

[Tregubova] Can you forecast which policy the next president will pursue in the state?

[Satarov] You know, the more power a person has, the less room there is for maneuver. So, when a person climbs high enough, he begins to understand

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the scholastic nature of the dispute about the multiple possibilities. Really! Indeed, a normal politician of high stature is not the same person who has formulated a certain program, and implements it: This is all nonsense. A good politician correctly understands the natural laws and regularities of life and tries not to stand in their way. I refer Boris Nikolayevich to such.

[Tregubova] Do you think that the current course is destined to be reproduced by another president?

[Satarov] Certainly not down to the minutest details, no: It will change. But on balance, it is, of course, destined — if only there is no interference with the natural order of things. Any intervention in real life always means dictatorship, upheavals. And I am sure that if, for instance, Yavlinskiy becomes president, he will also adapt to this life, to its laws (of course, I do not mean the bureaucrat's life). And, naturally, much of his program will then fall apart, go away.

This is in fact the main thing that has happened in the country over these years. We have moved from violence with respect to the laws of nature to adapting to them. But before that we had so long engaged in violence that we are now paying a gigantic price to return to a normal life.

[Tregubova] Do you rule out that — to use your own expression — a "violator of life" can come to power?

[Satarov] No, of course, such a probability still exists. But it is already clear what will happen then. Laws of nature will come into play, as they did in Spain under Franco or in Chile under Pinochet. Talking in political terms, the most likely scenario for a backlash to any sharp violent turn is a right-wing dictatorship. Because it will be necessary to turn back. This is a regular pattern everywhere. There is not a single country (with rare exceptions, like Cuba — an oasis of various exceptions) where the laws of life have not worked.

Military, Nuclear & Space Issues

Grachev's Charge of Lebed-Led Coup Plan Denied

MK1907085895 Moscow MOSKOVSKIYE NOVOSTI in Russian
No. 48, 16-23 Jul 95 (Signed to press 18 Jul 95) p 2

[Unattributed report under the "Quotation" rubric: "'Things That Were Afoot Here!....'"]

[FBIS Translated Text] This remark was made by Pavel Grachev not long ago, when in Tiraspol. What indeed was afoot in the headquarters of the former 14th Army? A source on the staff of the war minister and Aleksandr Lebed himself have been shedding light on the situation. It appears that, according to the Defense Ministry, a military coup plot was being hatched there. Some time ago, Deputy Nikolay Travkin came to Commander Lebed along with three influential Cossack atamans. Those spying on the disgraced Army commander did not manage to find out their names. At the same time, they ferreted out a coup plan made during the "Last Supper" between the deputy, the general, and the Cossack chieftains.

Its essence is plain. Lebed gets discharged from the Army and immediately arrives in Rostov. There he declares the creation of an independent North Caucasus republic and without further ado dispatches a Cossack force to Moscow, captures the Kremlin, and rides into it on a white horse as autocrat of all Russia.

One could have taken this news in an appropriate fashion. But if the source in Grachev's staff is to be believed, this total absurdity was said to have been pumped through the channels of secret services. Aleksandr Lebed himself had this comment on the possible charges against him: "I am well informed of this affair, but my knowledge of psychiatry is weak, and there should be a specialist from Kashchenko [Psychiatric] Hospital. I am not going to make a thrust from south to north and back. Travkin did come to me on deputy-related matters, of which I was told on the phone in advance by Ivan Rybkin, who can hardly be charged with a predilection to putsches."

The impression is that Aleksandr Lebed's impending political debut raises more fears in the Defense Ministry than the process of disintegration of the Army.

Atomic Ministry Experts Disagree on Waste Plant

LD1807152795 Moscow INTERFAX in English 1229 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — Russian experts disagree with the method experts in the British firm Crown Agency used to determine the winners in a tender for constructing, in Primorye, a floating installation for processing liquified radioactive waste from the nuclear-powered engines of Pacific Fleet ships.

This statement was made for INTERFAX by a spokesman for the Russian Atomic Energy Ministry (Minatom). The British firm gave preference to the SS consortium of Japanese firms.

Meanwhile, according to experts in Minatom, the State Committee on the Defense Industry and the Navy, and the scientific center Kurchatov Institute, the project of the FF consortium is more suitable. This consortium includes both Japanese companies as well as Russian design and other enterprises.

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The FF consortium, says the document, has proposed a "universal technological purification system", which makes it possible to process waste of different radionuclide and chemical composition. In addition, a similar experimental industrial installation has been created and is in operation.

This installation has much lower fuel consumption than is envisioned by the project of the SS consortium, which is very important in conditions of constant fuel deficit, as is the case in the Primorye territory.

In addition, according to the proposal by the FF consortium, the barge carrier installation must be built at the Amur shipbuilding company, which would provide employment for the workers. The building of the barge will cost $8 million-$9 million.

A Minatom spokesman said that specialists of the Far Eastern ship-repair enterprise Zvezda came to the conclusion that the real operation expenditures of the SS consortium program over 20 years will amount to 3,387,100,000 Japanese yen, which is 1,178,990,000 yen more than the FF consortium would spend.

The document says that the Zvezda factory "cannot agree with the increased cost for processing liquified radioactive waste, which will be paid by Russian taxpayers." Experts are also categorically against the proposal forwarded by the SS consortium to halt the station's operations in winter.

'Difficulties' Cited During Second Mir Space Walk

LD1907065595 Moscow ITAR-TASS in English 0614 GMT 19 Jul 95

[FBIS Transcribed Text] Mission Control Centre, July 19 (ITAR-TASS) — The current expedition working at the Mir orbital complex staged its second space walkout today, in the course of which some difficulties emerged. At 04.39, Moscow time, the cosmonauts opened the hatch of the lock compartment. While they were perfoming the operation, it was noticed that the cooling system of the spacesuit of flight commander Anatoliy Solovyev was functioning not as effectively as it should. He was given instructions to stay near the hatch and control the work of flight engineer Nikolay Budarin, who moved out of the lock compartment of the Quant-2 module and dismantled the panel of the Trek apparatus from its surface.

The apparatus was used for four years in joint Russian-American experiments for the study of processes of the generation and spreading in the Galaxy of super-heavy nuclei of space rays.

Before returning to the orbital station, the flight engineer removed from the outer surface of the module cassetes with samples of construction materials, which were exposed to the outer space conditions for a long time, and replaced them with new ones.

Anatoliy Solovyev and Nikolay Budarin stayed in outer space for three hours and eight minutes.

According to the results of medical control, both cosmonauts are in good health. The next space walkout is scheduled for July 21.

'Malfunction' Did Not Affect Work

LD1907105395 Moscow INTERFAX in English 0939 GMT 19 Jul 95

[FBIS Transcribed Text] Moscow, July 19 (INTERFAX) — Russian cosmonauts Anatoliy Solovyev and Nikolay Budarin from the 19th space mission on board the Mir orbiting station made a three hour and eight minute spacewalk on Wednesday to do some repairs and preventive maintenance. The work was done despite a cooling system malfunction with the flight commander's spacesuit, sources at the press service of the mission control center in the Moscow region told INTERFAX.

In the words of the sources, the spacesuit's malfunction did not prevent commander Solovyev from working outside the station. He supervised flight engineer Budarin, who did most of the work to dismantle the experimental equipment of Platan and Trek. The equipment was used to study space radiation.

Russian cosmonauts will make another spacewalk on July 21 to mount Belgian-produced Miras equipment for spectrum analysis on the Spektr scientific module.

In the words of mission control center experts, the reason for the cooling system's malfunction is that the spacesuit had not been connected to a life-sustaining cable during preparations for the spacewalk. Why this happened and who is responsible is not clear yet, said the center's representatives.

Federal Assembly

Chernomyrdin Addresses Duma on Economic Situation

LD1907140095 Moscow Mayak Radio Network in Russian 1212 GMT 19 Jul 95

[Address by Prime Minister Viktor Chernomyrdin to the State Duma in Moscow on 19 July — recorded]

[FBIS Translated Text] The economic situation in the country is essentially acquiring new characteristics. In the first place, although the social and economic situation is, to put it bluntly, complex, or, possibly even

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very complex and at times contradictory, there has also been a revival in a number of industries and areas of the economy.

In the second place, the distinguishing feature of the present situation is that prices are growing more slowly against the backdrop of a certain stabilization in production.

In the third place, we have not exceeded the federal budget deficit, endorsed for 1995.

In the fourth place, all these tendencies have led to a tangible strengthening of the ruble. In the fifth place, some signs of an improvement have begun to make themselves felt in the social sphere during the second quarter, although the situation remains particularly acute here, without a doubt.

Do these factors, these facts and trends mean that prosperity has now arrived as far as the economy is concerned? Not so, not at all. They bear witness only to the fact that the implementation of the main provisions of President Boris Nikolayevich Yeltsin's address and of the government's program are beginning to yield tangible results and convince us once again that we are on the path we ourselves have mapped out for 1995.

Never before have we been so close to the target as we are now. One hundred and one per cent of the expected federal budget revenue has been received during the first half of the year.

Esteemed deputies, perhaps the most important result of the work done in the course of the first six months of this year is that we have strengthened our national currency, the Russian ruble. We must, however, refrain from extremes here. It is necessary simultaneously to prop up the ruble and to make sure that we do not trip up our exporters, who are only now beginning to make elbow room for themselves and reach out onto foreign markets.

This, then, is the reason why we introduced a controlled strengthening of the ruble, having established the ruble exchange band. This measure will work directly to slow down the growth of prices during the second half of this year and to stabilize the currency and financial markets.

I am confident that we will have no black Tuesdays, or other black days for that matter during the coming autumn.

There is currently much talk about the new tariffs, especially on food imports. Unfortunately, a large number of concoctions and exaggerations are doing the rounds, especially as regards the alleged forthcoming price increase.

Let me be frank — the problem here is not the tariff rates but, above all, the existing monopoly on the food markets. This particularly applies to large towns. The position of town fathers can, of course, be understood. They do depend a great deal on the supplies of imported food and even small increases affect individual finances, especially where the least well-off are concerned. Each individual instance must be well considered and weighed up.

The results of the first six months make it possible and demand that we take a fresh look at the most acute problems of the social policy. The signs of economic stabilization mean that we can now pursue social policies upon a healthier basis, more realistically, and with greater accountability.

It is another matter that any further step along the path of stabilization today is directly linked with the urgent necessity to raise the population's real incomes. Between September 1994 and March 1995 they declined by almost a quarter. What do we plan to do; what will we do?

In the first place, and in accordance with a presidential instruction, additional federal budget revenue will be set aside to index-link the wages of those employed in the areas financed from the budget, servicemen, and people whose status is the same.

A draft law on raising the minimum wage has been submitted for the deputies to consider. From 1 August this year it is proposed to raise the existing minimum by almost 30 percent and to set the new minimum at 55,000 rubles a month. It is at the same time planned to increase student grants, child benefits, and other measures. As for wages and salaries for those employed in the budget-financed areas, it is proposed to have them raised by more than 50 percent and to bring the wages payable under the first level of the budget's wage-scale to 60,000 rubles a month.

This increase in wages will be accompanied by the same increase in the pay of servicemen and of the people employed by bodies of state power.

We will obtain resources for this primarily through staff cuts, improving the structures of the bodies of executive power. It is planned on 1 August to implement yet another increase in the minimum pension and in all other pensions payable.

A further lowering of the budget deficit, to bring it to a level of more than 4 percent of the GDP [as heard] remains the main task of the budgetary policy for the next year. In this case, the growth of prices will be confined to no more than 2 percent a month.

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In accordance with President Boris Nikolayevich Yeltsin's budget message, the support for and development of social and cultural welfare and measures aimed to stimulate investments have been defined as main expenditure priorities.

But the next year begins now. We have the wherewithal, collectively, to ensure that the new stage of Russia's economic development and transformation starts off on a sound legal footing, so that the absence of the necessary laws does not impede the stabilization process. It can be done; it must be done, our fellow countrymen need it.

Claims Policies on 'Right Track'

LD1907091995 Moscow ITAR-TASS World Service in Russian 0809 GMT 19 Jul 95

[FBIS Translated Text] Moscow, 19 Jul (ITAR-TASS) — "The revenue side of the 1995 Russian federal budget was met 101 percent in the first half-year," Russian Government Chairman Viktor Chernomyrdin said in today's address to the State Duma. This, he believes, "was achieved through better tax collection, with the amount taken in the first half-year R [rubles] 6.6 trillion more than planned."

At the same time, he said, "we have not been able to ensure 100 percent and uninterrupted funding of budget expenditure items, mainly because of belated receipt of external loans." According to figures contained in Chernomyrdin's report, state budget expenditure targets were 83 percent met in the first quarter and about 95 percent in the second quarter. Despite this, the head of the government said he was sure "that this year we will definitely achieve 100 percent" funding for budget expenditure items. In his opinion, "the decisions taken in May on tightening the revenue side of the budget provide a realistic basis for planned expenditures to be financed in full in the second half-year, and also for first half-year borrowing to be covered."

The head of the government expressed concern at the Russian Central Bank's inability to promptly "restrict money supply growth, which has considerably exceeded the limits set in the 1995 monetary program and which could have an adverse impact on price movements." A sitting of the government held on 13 July to examine this issue decided on a range of additional measures to sensibly limit the growth in money supply, first and foremost by developing the securities market," Chernomyrdin recalled.

"Implementation of the main tenets of the message of the Russian president to the Federal Assembly and the Russian Federation Government's program is beginning to show tangible results and once again convinces us that we are on the right track, as defined by us for 1995," the head of the government said. At the same time, he voiced concern at the "causes of a slower than hoped for improvement of the situation in a number of areas." Higher than expected price rises, he said, are clearly "the cost that we pay for underestimating the true extent of the dollar's penetration of the Russian economy." According to Viktor Chernomyrdin, one consequence of the Russian Central Bank's extensive buying of hard currency has been an expansion of the ruble mass.

Socioeconomic Sphere Discussed

LD1907093195 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 19 Jul 95

[From the "Novosti" newscast]

[FBIS Translated Text] Today the focus is on the State Duma. The head of government, Viktor Chernomyrdin, has made a speech there. [Video shows Duma session, Chernomyrdin speaking]

The subject of the prime minister's speech was the results of the government work in the first six months of this year, the state of affairs in the socioeconomic sphere, and the measures which have been taken. Chernomyrdin noted growth in industrial production and the stabilization of GDP. These trends have led to the strengthening of the national currency:

[Begin Chernomyrdin recording] I am confident that there will be no black Tuesdays or any other black days in any week of the coming autumn. [end recording]

The signs of economic stabilization mean that the government can embark on a more realistic social policy. As of 1 August, minimum wages are expected to rise by 30 percent and to reach R [ruble] 55,000. The size of the minimum pension will be R105,000:

[Begin Chernomyrdin recording] We can now afford these things in realistic terms. At the same time, there are plans to repay wage arrears. [end recording]

The prime minister is concerned most of all over the failure to pay wages to the staff of the material sphere. Chernomyrdin acknowledged that there has not been any noticeable improvements in that sphere. After his speech, the prime minister answered deputies' questions. The questions were not only about the economic situation:

[Begin recording] [A. Nevzorov] Viktor Stepanovich, do you feel the talks in Groznyy are increasingly becoming not just treacherous, but somewhat disloyal in respect of our homeland?

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[Chernomyrdin] You know I cannot agree with you here; and I do not believe that anybody is being betrayed today. I am convinced of one thing — military action must be stopped and bloodshed must be brought to an end. That must be done, and we are now doing everything necessary to achieve this end. [applause] [end recording]

Deputies Dispute Chernomyrdin Views

LD1907094895 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 19 Jul 95

[FBIS Translated Text] We now have our correspondent Konstantin Tochilin in the State Duma. Over to him:

[Tochilin] Hello. Today's meeting at the State Duma is promising to be very eventful. Suffice it to say that the speech by Viktor Chernomyrdin was the 13th point on the agenda. The first 12 issues were worked out in half an hour, and then the prime minister ascended the podium.

To be brief, that is what he said: There is relative stability in the country and signs of improvement are emerging against the background of some serious shortcomings. The prime minister's speech was quite general, possibly because eight co-reporters, the chairmen of the Duma committees, have yet to speak. Since the report was general, the deputies were somewhat bored. The atmosphere in the hall livened up, however, when the deputies moved to questions; 91 deputies registered their questions, but not all of them were given the floor. Questions took just half an hour; they varied from the funding of cultural projects to the Groznyy talks. Many deputies showed off their eloquence. The prime minister was not lagging behind them. But after the 30 minutes of questions, the co-reporters from the Duma committees began their speeches. As far as I could hear them from here, their view on Russia's socioeconomic situation was at variance with the position of the prime minister.

Literally two minutes ago, the session adjourned for half an hour. We will bring you details in the next edition.

New Vote of No-Confidence in Government Urged

LD1907112695 Moscow ITAR-TASS in English 1008 GMT 19 Jul 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow July 19 (ITAR-TASS) — Sergey Glazyev, chairman of the State Duma committee for economic policy, who initiated a no-confidence vote in the government last month, again demanded to vote no-confidence in the cabinet of Prime minister Viktor Chernomyrdin after the latter delivered a report on economic results in the first half of 1995 to the lower house Wednesday.

Last month the Duma failed to confirm the no-confidence in a second vote and the crisis was thus resolved.

Today Glazyev again attacked the government for what he said was the failure to fulfil the most important tasks.

"None of the priority goals advanced in the presidential message to the Federal Assembly has been achieved", Glazyev told lawmakers.

He said industrial slump increasecd in the first six months, the quality of production continued to go down and the living standards deteriorated. "Inflation still remains impermissibly high and if it develops at the same rate it will exceed seven per cent by the end of the year", Glazyev warned. The official inflation figure for June was 6.7 per cent, the lowest in the first half of 1995.

Glazyev also blasted the government for introducing the ruble exchange band of 4,300-4,900 per US dollar until October saying it would affect exporters. "The coridor... inflicts considerable damage to competition-capable industries", he said.

Another major fault of the government, according to him, is the underfinancing of budget expenses by 15-20 per cent.

Another Duma commitee chairman was less aggressive in his criticism, but still accused the government of failing to promote a quick adaptation of economy to market conditions.

"The economic policy of the government is oriented at unorganised adaptation to the market economy transition period", said Vladimir Gusev, chairman of the committee for industry, transport, construction and energy.

He urged the government to change its policy, especially regarding the promotion of producers.

Alexey Chernyshev, the chairman of the Duma committee for agrarian issues, warned that "45 million Russians are cut off from normal (food) consumption", while 60 per cent of state and collective farms "cannot ensure simple reproduction".

He accused the government of "annually reducing budget support" to agriculture and said the executive authority is thus "working to kill the agricultural complex".

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Yeltsin Calls on Duma To Speed Up Minimum Wage Law

LD1907083095 Moscow ITAR-TASS World Service in Russian 0724 GMT 19 Jul 95

[FBIS Translated Text] Moscow, 19 Jul (ITAR-TASS) — Boris Yeltsin appealed to the State Duma today to speed up the adoption of the Federal Law "on raising the minimum wage" because of the law's heightened social significance, the presidential press service announced today. The bill was submitted to the lower chamber of the Federal Assembly on 13 July 1995.

In a brief letter, Boris Yeltsin drew deputies' attention to the fact that the bill envisions setting the minimum wage at 55,000 rubles per month from 1 August. Thus for the first time, the head of state pointed out, it is proposed to increase the minimum wage level at a rate which outstrips the increase in consumer prices.

The Russian president's press service also announced that Boris Yeltsin had issued an instruction today giving the Russian government two weeks from the time the Federal law "on raising the minimum wage" is signed to settle the issue of raising the wage rates (salary scales) of the unified salary network for workers in the state sector.

Suggests Laws Requiring Quick Passage

MK1907075695 Moscow SEGODNYA in Russian 19 Jul 95 p 1

[Unattributed report: "Yeltsin Forwards Letter to Duma Speaker"]

[FBIS Translated Text] In a letter to Ivan Rybkin, Boris Yeltsin has listed [draft] laws which, in his view, should be passed before the term of the Duma's first convocation is up, in the interests of consolidating statehood and the legal system. The head of state has cited the following laws: "On the Procedure and Principles of the Delimitation of Jurisdictions and Powers Between Federal Organs of State Power and the Organs of State Power of Russian Federation Components," "On the Russian Federation Judicial System," "On the Procedure for Passing Federal Constitutional Laws and Federal Laws," "On the 1996 Federal Budget," and "On a Code of Laws." Furthermore, the president turned down a federal law "On Amendments and Riders to the Russian Federation Code of Labor Laws," because the norms of this document do not correspond to the first part of the Russian Federation Civic Code, the law "On Education," and the fundamental principles of legislation on the protection of citizens' health.

Duma Refuses To Approve Paramonova as Bank Chief

LD1907134495 Moscow ITAR-TASS in English 1337 GMT 19 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow July 19 (ITAR-TASS) — The Russian State Duma refused to approve Tatyana Paramonova as the chairwoman of the Central bank Wednesday.

The acting chief banker appointed to the post by President Boris Yeltsin won only 167 votes, while 100 lawmakers were against and 13 abstained.

Paramonova needed 226 votes to get approved.

This was the second time that the lower house refused to approve Paramonova as the chief banker.

The first refusal came last November right after Paramonova replaced Viktor Gerashchenko who was dismissed for the rouble collapse in October which was called the "black Tuesday".

Duma Again Adopts Law on Securities Market

LD1907112995 Moscow ITAR-TASS in English 1017 GMT 19 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow July 19 (ITAR-TASS) — The federal law "On the securities market" was again adopted by the State Duma today. The document, adopted by the Duma earlier, was rejected by the Federation Council and was adopted again with due account for suggestions of the conciliatory commission of the two chambers of the Federal Assembly.

The law says that professional activities on the securities market shall include the broker and dealer activities, the management of securities, the determination of mutual liabilities (clearing), depositary activities, the keeping of registers of the owners of securities and the organisation of trade at the securities market.

According to the law, all types of professional activities on the securities market shall be exercised on the basis of a special permit — a license, issued by the federal commission for the securities market or by the bodies, authorized by it, on the basis of the general license.

The federal commission for the securities market is a federal executive body, charged with the tasks of putting into effect the state policy in the sphere of the securities market and keeping under control the activities of professional participants in the securities market through setting the procedure for their activities

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and emission standards for securities, the law said. The federal commission is a collegiate body, made up of 15 people.

The federal commission shall outline the main directions of the development of the securities market, set the emission standards for the securities, work out and adopt common requirements to the rules of the exercise of professional activities with securities, establish mandatory requirements to operations with securities and to the register-keeping procedure, set the procedure and carry out the licensing of various types of professional activities on the securities market and set the standards for the activities of investment funds, non-state-owned pension and insurance funds and their managing companies, as well as insurance companies on the securities market.

State Duma Blames NATO for Bosnia 'Crisis'

MM1807171895 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 Single Edition p 4

[Unattributed report: "State Duma Statement"]

[FBIS Translated Text] The State Duma has adopted a statement "On NATO's Actions in Bosnia-Herzegovina," which resolutely condemns NATO's latest air strikes against the Bosnian Serb positions in the Srebrenica region of Bosnia-Herzegovina.

The State Duma considers that it is largely because of the NATO line of overt support for one of the participants in the conflict that the international efforts aimed at achieving a settlement of the crisis in the former Yugoslavia have ended in failure and the threat of a further escalation of the conflict in Bosnia-Herzegovina has emerged, and it has demanded of NATO a rapid and unconditional cessation of military intervention.

The State Duma deputies have urged the Serb and Muslim-Croat sides not to commit [ne dopuskat] hostile actions against the peaceful population and the UN peacekeeping contingent, to cease fire immediately, and to return to the negotiating table.

Rybkin Says Duma Can Amend Jul-Dec Budget

LD1807211295 Moscow INTERFAX in English 2027 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — Even though the government has not sent a report to the State Duma, the lower house, about the budget implementation in the first half of the year, the Duma can adopt a non-binding resolution which would help the government amend the program of socioeconomic change in the second half of the year, speaker Ivan Rybkin told INTERFAX Tuesday.

The Yabloko party group in the Duma had earlier issued a statement to the effect that, because the government has not sent the report, the group will try to have the Duma postpone a resolution on the report Prime Minister Viktor Chernomyrdin will read Wednesday on the state of the nation.

Duma Committee Approves Central Bank Audit

LD1807211095 Moscow INTERFAX in English 2026 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (FIA-INTERFAX) — The Budget and Finances Committee of the State Duma, the lower house of the Russian parliament, has approved the audit of the Central Bank of Russia carried out by the Coopers & Lybrand company. In addition, the committee has decided to approve the company as the Bank's official auditor for 1994.

The company has already been the Bank's auditor in 1991 and 1992, a member of the Duma Committee told INTERFAX's Financial Information Agency.

He said the company, one of the six largest audit firms, was chosen because of its leading role on the world's financial markets. Coopers & Lybrand is the auditor of Bank of England, the U.S. Federal Reserve and Germany's Bundesbank.

The audit of the Russia's Central Bank costs about $350,000.

Shumeyko Censures Law on Formation of Upper House

LD1807165195 Moscow INTERFAX in English 1525 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — Vladimir Shumeyko, head of the Federation Council, Russia's upper house of parliament, censured Tuesday a law on how the house is to be formed that was recently passed by the State Duma, the lower house.

The law contradicts the Constitution and is designed to "undermine the emergent Russian democracy," Shumeyko told a conference.

He said that under the new law, to be considered by the Federation Council Thursday, the house would become an elected body, whereas under Article 95 of the Constitution, each region and republic of Russia is to send one representative of its legislature and one representative of its executive to the Council.

Shumeyko said that, even if the Council approved the law, Russian President Boris Yeltsin would not endorse it, and the house would then be formed on the

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basis of a presidential decree, which is allowed by the Constitution.

Federation Council Focuses on Caspian Sea Problems

LD1807185595 Moscow ITAR-TASS in English 1755 GMT 18 Jul 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow, July 18 (ITAR-TASS) — The single bio-economic system of Caspian sea can be saved by a special Caspian status introduced by an inter-state act of Caspian nations, concluded parliamentary hearings on legal, ecological and economic problems of the Caspian sea held at the Federation Council today. The hearings were attended by parliament deputies, representatives of Russian ministries, the Academy of Sciences and institutes.

The Caspian region "has a tight knot of political, social, economic and ecological problems" whose acuteness is caused by irrational uses of the sea's potential and its coastal territories. The situation is being aggravated by contradictory interests of coastal economies and the changed level of the Caspian sea which threatens safety of local residents.

"The situation may become irreversible and result in a catastrophe if no emergency measures are taken in the long-term strategy of regional development and national laws and international agreements introduced," noted participants in the hearings.

The Caspian situation "much influences stability in the southern region", said the meeting participants and called for boosted negotiations of Russian, Azeri, Kazakh, Turkmen and Iranian governments on the use of sea resources and regional cooperation. A special law on the Caspian sea should be elaborated to result in a bill on special development of regions against the background of instability of natural processes.

Various Federation Council Decisions Reported

MM1907085195 Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 Single Edition p 6

[Unattributed report from the "Document" section: "In the Federation Council"]

[FBIS Translated Text] The Federation Council has adopted a decree "on the progress of the fulfillment of the federal law 'on the reclassifying of debts relating to central credits and the interest on them for organizations of the agro-industrial complex and also for organizations which deliver (store and sell) output (goods) to the regions of the far north and areas equated with it.'" The decree draws the attention of the Russian Federation Government and the Central Bank to the inappropriate fulfillment of the federal law, which has been the reason for the suspension of settlements by economic players, big losses for commercial banks, the impossibility of the prompt fulfillment of commitments arising from the population's investments, and, as a consequence, the intensification of social tension.

The government and the Central Bank have been asked to return to the commercial banks the funds collected from their correspondent accounts without the payment of money by the borrowers with the subsequent reclassifying of debts as part of the Russian Federation state internal debt.

Having examined the question of the agreement between the USSR and the United States on the demarcation line of the marine expanses signed in Washington 1 June 1990, the Federation Council by its decree has recommended that the Russian Federation president submit to the State Duma the draft federal law "on the ratification of the agreement between the USSR and the United States on the demarcation line of the marine expanses."

The Federation Council has submitted to the State Duma a draft federal law "on the 'Altay' ecological and economic region (within the borders of the Republic of Altay)." The State Duma has been asked to examine this draft federal law as a priority.

The Federation Council has rejected the federal laws adopted by the State Duma "on concessions for fares for students at general education schools and students of higher and secondary vocational educational establishments," "on the introduction of changes to the Russian Federation law 'on excise duties,'" and "on the general principles for organizing local self-management in the Russian Federation" in view of the unacceptability of individual provisions of these laws.

The State Duma has been asked to make changes to individual provisions of the rejected laws and to create conciliation commissions to overcome the differences which have arisen, choosing a number of deputies from the Federation Council to join them.

A decree of the Federation Council has also rejected as a whole the federal laws "on the introduction of an amendment to article 1 of the federal law 'on some questions of granting concessions to participants in foreign economic activity'" and "on the introduction of changes and additions to the Russian Federation law 'on the Russian Federation prosecutor's office.'"

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Regional Affairs

Further Reportage, Commentary on Chechen Talks

More on 'Technical Break'

MM1807125595 Moscow KRASNAYA ZVEZDA in Russian 18 Jul 95 p 1

[By Petr Karapetyan: "Constitutional Court Sittings in Moscow Against Backdrop of 'Technical Break' in Groznyy Talks"]

[FBIS Translated Text] A "technical break" until 19 July, which, as certain observers believe, was skillfully "provoked" by the Dudayev delegation, has been announced at the talks on a peaceful settlement to the Chechen crisis in Groznyy. Usman Imayev, who made it clear for days that the final document could be ready by 14-15 July, suddenly fell ill. Naturally no one signed anything.

So what happened to his promise not to leave the negotiating table until the matter had been concluded? The issue was resolved by the testimony of a doctor from the city hospital who had been called out because of Imayev's ailment, and who confirmed Imayev's indisposition, but did not make a diagnosis. The explanation, which apparently suited everyone, was: The man was taken ill and could not keep his promise. One way or another, Imayev's illness very conveniently gave the Dudayev delegation an opportunity to extend the talks.

Although you may wonder what the reason for this is? When it comes down to it, no one restricted the Dudayev delegation in the consultations. Both Isman Imayev himself and his representatives went to see both Dudayev and his field commanders as frequently as they themselves considered necessary, after which they made it clear that they would sign the final document. All this is true, but something else is also obvious: Dudayev's delegation is prepared to amend its position at the talks not just in view of what is said in the mountains, but also using what the Constitutional Court decides as a starting point. There is logic in this: If Moscow decides to conduct Constitutional Court sittings while the talks are going on, then why not use this brilliant opportunity to amend the negotiating strategy? What has been going on in the Constitutional Court in the past few days is particularly significant. On 17 July it was proposed to continue the hearings. According to Vice Premier Sergey Shakhray, who addressed the hearings, representatives of the president and the government were able to prove the "realistic nature of all the main arguments." He believes that in December 1994 "there was every reason for the measures which the federal authorities undertook in respect of Chechnya." Sergey Shakhray believes that the actions undertaken in Chechnya do not contravene the federal laws "On Security," "On Defense," and "On the Militia," and consequently, they are in line with the Russian Constitution.

According to Yuriy Baturin, the president's national security aide, the decisions of the Constitutional Court should have a certain positive effect on the talks in Groznyy, although what this influence will look like is too difficult to foresee at present.

Chernomyrdin Approves Course of Talks

LD1807161995 Moscow INTERFAX in English 1549 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — The Russian prime minister has given an overall positive response to the course of peace talks in Groznyy between Russian officials and representatives of Dzhokhar Dudayev, Moscow-appointed administrator in Chechnya Nikolay Semenov told INTERFAX after a meeting with Chernomyrdin on Tuesday.

He quoted Chernomyrdin as saying the negotiation was going on in the right direction.

Others involved in the meeting include Chief Russian negotiator and his deputy Vyacheslav Mikhailov and Arkadiy Volskiy, and Interior Minister Anatoliy Kulikov.

The Russian team leaves for Groznyy on Wednesday to attend the OSCE [Organization for Security and Cooperation in Europe]-sponsored peace talks due to resume there next day.

Stavropol Cossacks See Talks as 'Plot'

LD1807212295 Moscow INTERFAX in English 1845 GMT 18 Jul 95

[FBIS Transcribed Text] STAVROPOL, July 18 (INTERFAX) — Stavropol Region Cossacks said the peace talks on a settlement of the Chechen crisis between "the Russian bureaucratic apparatus' peacekeepers" and Dzhokhar Dudayev's supporters were "a plot behind the back of the Russian people."

The Stavropol Cossack Troops' staff told INTERFAX today that this had been stated in an appeal of the Stavropol Cossack Commanders Council to the Russian leadership.

The Stavropol Cossacks said in the appeal that they were dissatisfied not only the talks themselves but also with the federal delegation's composition.

The Cossacks confirmed their earlier-made demands that the Stavropol Region be given the status of a border

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region, and that the Naur and Shelkovskiy regions of Chechnya be included in the Stavropol Region.

The Cossacks also insist that units of national guards be formed from Cossacks and volunteers, that all firearms in the region be registered and that all those illegally living in the region be expelled from it.

The Cossacks condemned all forms of separatism and attempts by the Russian Federation's constituent members to separate from the federal center. Nevertheless, the Cossacks demanded that Cossack national districts be created within the limits of the North Caucasian republics.

The Stavropol Cossacks also demanded that federal legislation punish the squeezing of Russians from the federation's constituent members and that the right of a republic to leave Russia be considered as high treason.

The Stavropol Cossacks said they believed that the restoration operation in Chechnya should be financed from the local budget rather than from the federal one. They demanded that Russians and Cossacks who had lost their homes in Chechnya because of the Dudayev regime be compensated all their expenses.

The Cossacks demanded that those Russian officials responsible for drawing up the ethnic policy in the North Caucasus be brought to administrative accountability. The Cossacks said that this policy infringed on the rights of Cossacks and other ethnic peoples in the region.

Delegation Member Views 20 Jul Talks

LD1807230095 Moscow ITAR-TASS World Service in Russian 2016 GMT 18 Jul 95

[By Oleg Artyushin]

[FBIS Translated Text] Groznyy, 19 Jul (ITAR-TASS) — The arrival of the Russian government delegation, headed by Vyacheslav Mikhaylov, Minister for Affairs of Nationalities and Regional Policy, is expected in Groznyy in the afternoon to continue talks on reaching a peaceful settlement of the conflict in the Chechen republic.

Last Sunday, the talks were adjourned for three days in view of the illness of the head of the Dudayevite delegation, Chechnya's former prosecutor general Usman Imayev and also because of the Dudayevite side going back on previously agreed wordings in the text of the final document. It is expected that the talks will be resumed on Thursday.

According to information from circles close to Dudayev's delegation, Usman Imayev will participate in the talks.

Vladimir Zorin, an expert in the Russian Government delegation and first deputy head of the territorial directorate of the Russian Federation federal bodies of executive power in the Chechen republic, told an ITAR-TASS correspondent that on Thursday the sides would continue to discuss issues of the political package.

Incidentally, the expert stressed that the Russian Government delegation proceeds from the fact that the status of the Chechen republic may be considered in accordance with the Russian Federation Constitution and a new constitution of the Chechen republic to be adopted on the basis of the people's free will.

Zorin believes that the future status of the republic "will take into account the specific features of the Chechen people's way of thinking and also the real experience of living together for centuries."

The Russian delegation to the talks in Groznyy also includes Mikhail Krasnov, assistant to the Russian Federation president; Nikolay Semenov, head of the territorial directorate of the Russian Federation federal bodies of executive power in the Chechen republic with the rank of vice premier; Interior Minister Anatoliy Kulikov; and Arkadiy Volskiy, president of the Russian Union of Industrialists and Entrepreneurs.

Basayev Interviewed on Budennovsk, Talks

MM1807160395 Moscow KOMSOMOLSKAYA PRAVDA in Russian 19 Jul 95 p 2

[Interview with Shamil Basayev by Atis Klimovich and Aleksandr Yevtushenko under "Exclusive to Us" rubric; precise date and place of interview not given: "Terrorist Basayev Agrees to Trial. But It Must Be in an International Court" — first paragraph is editorial introduction]

[FBIS Translated Text] Groznyy — Last weekend our correspondents met with Shamil Basayev, whom the best agents of the Federal Security Service, the MVD [Ministry of Internal Affairs], and the army subunits are determinedly but unsuccessfully trying to track down. The meeting took place in a mountain settlement in Chechnya where the number-one terrorist is relaxing, getting some sleep, and building up his strength for the struggle ahead.

[KOMSOMOLSKAYA PRAVDA] Do you regard the Budennovsk operation as a personal military success?

[Basayev] No. I do not regard it as such. But this action was even less successful for the Russian special subunits. That goes for the "Alfa" subunit as well. Their problem was that tactical questions were decided not by the commanders who were on the spot but by ministers.

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[KOMSOMOLSKAYA PRAVDA] In your view, what dictated Chernomyrdin's actions during those days — concern for people or political calculations?

[Basayev] I think that he was more concerned for people than for his own prestige. But there were others who got in contact with me purely to publicize themselves. For example, Zhirinovskiy called. He began agitating on his party's behalf, saying: We aren't like the democrats and the Communists, you know our aims. I do know, and that is why I invited him to come to the hospital. His ardor cooled immediately then. No, I'll send my representative, hand over at least five hostages to him.

[KOMSOMOLSKAYA PRAVDA] The talks are continuing in Groznyy between the Russian and Chechen delegations, although their progress is difficult and slow. What do you expect from them?

[Basayev] First and foremost, peace — then, independence for my republic and freedom for the people. Economically and geographically we will always be connected with Russia come what may. But so long as this regime rules in Russia, we do not want to be under its heel.

[KOMSOMOLSKAYA PRAVDA] You have been declared an outlaw. At the talks, the Chechen delegation has condemned all terrorist actions. The special services are looking for you. Do you not fear for your safety?

[Basayev] The Chechens will not hand me over. The first thing to do before that is to hand over those who unleashed this war. This carnage is a crime against humanity. An international court must decide who is guilty — Basayev or the Russian politicians. It is quite pointless for the special services to try to track me down now. Capturing me is unrealistic. Killing me would only spark a new wave of terrorist acts.

[KOMSOMOLSKAYA PRAVDA] At the Groznyy talks the sides are discussing another question of importance for the republic — free elections. How should they be organized, in your view, and will you yourself run?

[Basayev] I do not intend to run — what kind of politician am I? In my view, any citizen of the republic has the right to take part in the elections irrespective of his views or status. So long as the conditions are created for the voters to express their will impartially. The minimum requirement for that is that the Russian troops must withdraw and our detachments must lay down their arms. The election procedure itself must be monitored by such international organizations as the United Nations and the OSCE. The main thing is that the "men of war" must not get in the way. There are two or three dozen people like that. Including Chechens: Khadzhiyev, Avturkhanov, Gantemirov, Labazanov, and so forth.

[KOMSOMOLSKAYA PRAVDA] Let us imagine that an all-Chechnya referendum opts for the republic to be within the Russian Federation. What will you do then?

[Basayev] I will not oppose the people's will. In other words, I will not fight [voyevat]. But I will not resign myself to it. I will continue the struggle — but using other weapons and other methods.

R148 Billion Needed To Rebuild Chechen Firms

LD1807171295 Moscow INTERFAX in English 1525 GMT 18 Jul 95

[FBIS Transcribed Text] MOSCOW, July 18 (INTERFAX) — The board of the Russian Machine-Building Committee met today and estimated the program for rebuilding machine-building enterprises in Chechnya at 148 billion rubles.

The committee proposed that this sum be included on the federal program for restoration operation in Chechnya in 1995.

The committee's board said early estimates of the damage showed that production could be renewed on all machine-building enterprises in Chechnya except for several completely destroyed facilities.

Damaged shops are now being rebuilt at several large enterprises in Chechnya. Their territory is now being cleaned. In particular, rebuilding is under way at Groznyy's Krasny Molot machine-building factory and at the Grozneftemash enterprise. The committee's board said the pace of the rebuilding operation has turned out to be slower than planned.

The board said Chechnya had received in April-June 180 buses instead of the planned 158, and 24 trucks and special vehicles instead of the planned 173. Furthermore, the ZIL company has sent to Groznyy over 100 vehicles for agricultural and construction needs.

The committee's agricultural machine-building department supplied to Chechnya in April-June agricultural equipment and spare parts worth 23.7 billion rubles, including 176 tractors (6.6 billion rubles), 100 grain harvesters (7.7 billion rubles) and spare parts (2.5 billion rubles).

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Conversions at Nizhniy Defense Plant Hailed

MM1907084795 Moscow ROSSIYSKIYE VESTI in Russian 18 Jul 95 p 3

[By Valeriy Orlov under the "Conversion" rubric: "Why Does Nizhniy Novgorod's Chayka Threaten U.S. Defense Capability?"]

[FBIS Translated Text] Nizhniy Novgorod — At a meeting with Russian economists and politicians who had come to China to marvel at the successes there in carrying out economic reform, local businessmen "shared experience": Instead of investing huge funds in conversion, they said, you would do better to create new production facilities — in microelectronics and the food industry. For it is just such enterprises with the latest technologies that make the biggest profits....

There is no denying that it is, as a rule, easier and more pleasant to create something new than to refit something that has already been built. But what are we to do if entire cities in our country were once created as an appendage to a single enterprise — a "mailbox" [secret defense industry plant]? Closing down such a plant would mean putting tens or even hundreds of thousands of people out of work. In this case conversion is the only way out of the situation, although here too, as is well known, there are plenty of problems. Today we describe how Nizhniy Novgorod's "Nitel" Joint-Stock Company is coping with them. This enterprise, which once worked entirely for the defense industry, has become one of Russia's model enterprises with regard to conversion.

Judge for yourselves. Just three years ago, so-called "special equipment" made up 70 percent of the total production volume of Nizhniy Novgorod Television Plant — "Nitel's" former name. Consumer goods — mainly Chayka television sets — accounted for less than one-third of all output. Articles in mass-demand now constitute the enterprise's main activity, not secondary activity. Its coffee makers, hulling mills, and garden tools go literally like hot cakes. But the Chayka televisions are, of course, the main thing.

"Today we make 16 models of televisions in all kinds of versions," "Nitel" General Director Viktor Kopylov, who has now been at the enterprise's "helm" for a quarter-century, said. "We have just started producing a new television — the so-called Euromodel. This Chayka fully meets European standards in terms of both quality and design — yes, precisely, design. For example, to produce a modern plastic cabinet instead of a wooden one, we had to obtain sizable credits and buy the latest molding line. On the other hand, in the opinion of specialists, Nizhniy Novgorod televisions are now in no way inferior to imported ones, and quite a few foreign companies are already ready to trade in them."

Last year alone production of six new models of television was started up here, whereas previously one or two models a year was the limit. It is evidently no coincidence that such a well-known corporation as Sharp "had its eye" on Kopylov's firm. The inhabitants of the Volga region at once found a common language with the Japanese. An excellent video cassette recorder is now being assembled in Nizhniy Novgorod. You cannot distinguish it from a Japanese one in terms of quality, but it is almost half the price.

Grigoriy Yavlinskiy, who visited the plant recently, told the director the following interesting fact. It turns out that with its successes in conquering the international market "Nitel" has...damaged U.S. defense capability and deprived some defense industry workers there of lucrative jobs!

Joking aside, it is all a matter of Nizhniy Novgorod's "special products" — radar. The enterprise did not entirely abandon their production after adopting the policy of conversion. It simply started producing ones which surpass their foreign counterparts in all parameters. Now they sell like hot cakes to many countries. Nizhniy Novgorod even claims that its radars reveal on the screens the U.S. stealth aircraft, which is invisible to all the rest of the world. I do not know whether or not this is so, but it is a well-known fact that one ruble in every three earned here is a hard currency ruble. The proportion of export deliveries in "Nitel's" overall income stands at 33 percent. One of the best indicators in Russia, probably inferior only to the oil and gas complex.

"Nitel" has been awarded five prestigious international awards for quality output over the past two years. But it is not this that the director is primarily proud of.

"The chief thing," Viktor Seliverstovich is convinced, "is that we have been able to survive the hard times and keep our collective. For we have golden specialists and miracle foremen! This means that the wages must also be appropriate."

But not just the wages — "Nitel" is one of only a few enterprises in the oblast which have been able to preserve their sociocultural and everyday facilities. Kopylov's "domain" now includes over 20,000 square meters of housing, a cultural center, 10 kindergartens, two leisure centers, a swimming pool, a health camp, a tourist center, and a sanatorium for preventive treatment. Tens of thousands of people vacation here each year. Adults pay just one-tenth of the cost of passes, while children's passes cost just 5 percent of their value.

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Further — even in the present difficult times "Nitel" manages to build 200 apartments a year for its employees. This is because people here are confident that you cannot live for just one day. The time will come when Russian industry will get up off its knees. Then the talent of the engineers and workers will be manifested in full.

The successes could be more palpable even now, however, if it were not for the tax and customs barriers and the extortionate bank interest rates. The general director is convinced that, if the government were to instill order in these spheres, then production life would start to go with a swing in Russia's expanses. Not just a few isolated strong enterprises, but thousands of them would appear.

'Russia Is Our Home' Branch Founded in Novgorod

MM1807151595 Moscow ROSSIYSKIYE VESTI in Russian 18 Jul 95 p 2

[By Valeriya Klebanova under the "Local Authorities" rubric: "Novgorod: Political Slumber Ends"]

[FBIS Translated Text] Novgorod — The people of Novgorod, indifferent toward politics, like the creation of the "Russia Is Our Home" bloc the most. According to the data of the city administration's sociological research department, around 18 percent of the oblast center's inhabitants are prepared to back the movement by actually participating in it, by opting for its candidates at the elections, and even by giving money.

The interest is perfectly understandable. People who, if not universally respected by their compatriots, are at least constantly in the limelight — leaders of oblast and city administrations, associations of business people, and large enterprises which have managed to achieve prosperity during the years of economic reforms — have publicly declared their involvement in the bloc.

The movement's regional branch was registered at the Oblast Administration Legal Committee and its council and leadership were elected. Judging by the first official meeting, in Novgorod Oblast the movement will be an administrative-industrial alliance prepared to cooperate with all political forces seeking stabilization. The league of businesswomen and the association of producers, which brings together major enterprises in the oblast in various forms of ownership, have become institutional members of the movement.

Vladimir Nekrasov, general director of the "Novgorod Stockyard" joint-stock company and participant in the constituent meeting, answered questions on the movement's goals at a live press conference conducted by the oblast "Slaviya" television and radio company. Asked by a viewer why we need a party that will be composed of only the smart, educated, and rich, the enterprising "meat baron" suggested an alternative — creating a party of the poor, illiterate, and stupid and hand over power to it.

Obviously this option was not to everyone's liking, so Nekrasov himself and a highly respected lady — Olga Afanasyeva, president of the league of businesswomen — were elected to the regional branch council. The chairman is City Administration Chief Aleksandr Korsunov.

Kabardino-Balkar Presidential Conference Coverage

Kokov on Political, Economic Situation

954F2755A Nalchik KABARDINO-BALKARSKAYA PRAVDA in Russian 11 Jul 95 pp 1-2

[Report on news conference given by V.M. Kokov, president of the Kabardino-Balkar Republic, by unidentified KABARDINO-BALKARSKAYA PRAVDA correspondent: "We Are Fully Resolved To Make the Year of 1995 Really Pivotal"]

[FBIS Translated Text] The latest news conference of V.M. Kokov, president of the Kabardino-Balkar Republic, was held last Saturday at Government House. Saturday meetings of the republic's leaders and journalists are becoming a tradition, it would seem. Inasmuch as quite some time had elapsed since the previous one, the representatives of the republic's news media had stored up many questions, and the president waived opening remarks, thereby affording the journalists an opportunity to make maximum use of the time allotted for the news conference. It was opened and anchored by V.Zh. Kudayev, leader of the president's press department.

I. Guzeyev (ZAMAN): Valeriy Mukhamedovich, the first six months are behind us. What are their results? What is the pace of construction of the hydropower station? How do matters stand as regards the disbursement of pay to those on the public payroll, specifically, the people working in public education?

[Kokov] As we had anticipated, 1995 is to be the year of the end of the decline in social production which has been observed in recent years in the republic. In the past six months industrial production has grown compared with the corresponding period of last year by a factor of 1.5. I venture to maintain that this is the highest indicator in the Russian Federation.

If we are speaking of agriculture, a harvest which is today markedly in excess of last year's level has

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been cultivated in the Kabardino-Balkar Republic. The intensive harvesting of cereal crops is under way at this time, and we have a yield of more than 30 quintals per hectare. Consequently, we will be supplied in full with the amount of grain we need in the coming year. A considerably bigger harvest of vegetable crops has been cultivated also.

The state of the sowings of late crops, corn, and sunflower is, specialists estimate, good and satisfactory.

Fodder is being procured at a considerably faster pace than in past years, and as of 1 July we had 1.7 times more of it per standard head of livestock. Our goal is to have 1.5 times more in terms of fodder procurement than we had last year. We will accomplish it, I hope.

Now about the construction complex. We have to finally consider the list of facilities, the so-called itemized list of 1995, which plans a volume of construction and installation operations no less than in the past year. In addition, we managed to defend over 3 billion rubles [R] more of capital investments than were assimilated last year in terms of both federal and republic programs and in terms of the programs of individual ministries and departments. The construction complex in the Kabardino-Balkar Republic, therefore, will work at the same degree of intensity as last year, no worse than this, at least. And if we add to this the amounts of construction and installation work which are to be performed for the restoration of the economy of the Chechen Republic, we may maintain that the construction complex of the Kabardino-Balkar Republic will perform a volume of work noticeably greater than last year's.

We do not have big changes in the sphere of trade and the consumer market. Trade is at last year's level. The population of the republic is experiencing no particularly serious shortage in terms of individual types of commodities. The deficit lies elsewhere—in the means of payment, in money. Nonetheless, problems of trade are occupying us more than in past years, primarily where it is a question of civilized commodity movement. In Kabardino-Balkaria, the ratio of the commodity turnover tracked and untracked by the official authorities is today roughly 1:1. This is an abnormal phenomenon. If what does not lend itself to real accounting, that is, the bazaar and other forms of trade, were not to exceed 30 percent, say, this would be closer to the norm. If the state had levers of influence on 70 percent of the commodity supply, we could somehow regulate questions of the prices of particular types of commodities. In a word, the consumer market is operating at last year's level.

At least, the state of the economy has in the past six months had promising results. We are fully resolved to make the year of 1995 really pivotal in the development of the economy of Kabardino-Balkaria.

Speaking of the social parameters of the past six months, I would note that there are at this time no pronounced differences in the correlation of the cost of the consumer basket to the average income of the average inhabitant of Kabardino-Balkaria either in the direction of an improvement or in the direction of a deterioration. The index of this correlation, income in relation to the cost of living, that is, constitutes 1:1, that is, income just slightly exceeds the costs of living in the Kabardino-Balkar Republic.

As before, the cost of the consumer basket is one of the lowest in the Russian Federation and the North Caucasus region. We have here a tremendous amount of work to do to allow us to maintain the excess of income over the cost of living in the Kabardino-Balkar Republic. In this respect, the government is adopting measures for state influence on the level of wages in particular branches. We have not yet overcome the serious discrepancies in the level of pay of the average employee in different branches. But work is being performed in this direction, and a special decree on these matters has been adopted.

A serious concern of the government and the president at this time is the elimination of the wage arrears.

People who have been working at plants and factories, on transport, and in enterprise construction are owed R21.9 billion. Supplementary measures are now being adopted in order to lower by one-third the arrears to the employees of agriculture via government support.

Of the R22 billion, we owe the agricultural employees more than R10 billion, and the rest is due industry, transport, and other branches. The debt to the construction organizations has reached R6 billion, and we will cover it in July-August in connection with the fact that we will open up the funding of all construction projects.

The most important task is to eliminate the debts to the employees of industrial enterprises. It is somewhat more complicated, and the government is adopting measures to ensure that the product manufactured at enterprises of the Kabardino-Balkar Republic be realized as quickly as possible by various channels, the government contract included.

As of today the problems linked with the disbursement of wages to the employees of the publicly funded sphere have practically been removed. In the course of our last trip these matters were settled, and we obtained R23.5 billion to cover all wage arrears, these including allowances in the publicly funded sphere, up to 1 July.

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On the question of the construction of the cascade of the hydropower plants, of the Cherek particularly. Things here are not as successful as we would wish. Financing has today in practice not been provided for the part of the capital investments that pertains to the federal budget, but the part that falls to the Unified Power System of Russia Joint-Stock Company is being financed in full. We are now working to ensure that in the next few days, in a July framework, we obtain soft loans so that, without waiting for the federal financing, we can pay for all that has been done there and intensify the work on the construction of a cascade for the hydropower plants. This, incidentally, is the most precisely developed investment program our republic has. And we will offer it for competitive bid, not waiting for a federal plan for the funding of this project. I believe that the attraction of Russian and foreign credit plus the funding by the Unified Energy System of Russia Stock Company plus what we are able to realize from the federal budget will enable us to complete in full and in accordance with the scheduled timeframe, but no sooner, the construction of the power plants on the Cherek River.

R. Sabanchiyeva (the newspaper GORYANKA): The question of the disbursement of child allowances is acute. The Ministry of Social Protection is prepared to assume the resolution of this problem, which was mentioned at the last news conference. What has prevented this? How has the money presented to the children of Kabardino- Balkaria by President of the Russian Federation B. Yeltsin been distributed?

[Kokov] No later than 1 August we will entrust these functions to the social security authorities. There are no problems here. The monies from the reserve fund of the president of the Russian Federation for child support are now on deposit in foreign currency. Work on the statute on this fund will be completed in the next few days. As soon as we have approved it, we will begin to use some of these resources.

Z. Khadartseva (the newspaper YUGA): Seven political parties are already registered in the Kabardino-Balkar Republic. Mr. Mavrodi also has applied for registration of a branch of the Public Capital Party. What is your view of the appearance of new parties? And a second question. It is now considered that tennis is a presidential sports form. Do you play tennis, and what types of sport do you consider a priority for our republic and which do you prefer?

[Kokov] The increased activity of all parties and movements on the eve of elections is natural. And we should not be surprised that their number is growing.... I was and remain a supporter of a small number of parties in the Kabardino-Balkar Republic. I believe that two or three parties could perfectly well reflect the interests of our citizens. I cannot welcome the creation of extremist parties. I must not, as a matter of fact, in accordance with my constitutional position support corporate interests. Let us dispose ourselves toward the support of three or four leading parties and the assured victory of their candidates. Mention needs to be made also of such a movement as Russia Is Our Home. It also was not born in a void but on the basis of a desire to create a capable parliament, which, in tandem with the executive system of power, would work for the interests of the Russian people and Russian statehood. The birth of parties is a natural occurrence, therefore. We will not fight them physically but we will support the three or four biggest parties reflecting the interests of our population.

As regards sport. I consider a priority for the Kabardino-Balkar Republic the so-called power types of sport. I would very much like our young people, the male half particularly, to be physically strong and have a good command of modern types of single combat—be it karate, judo, or the classical forms of wrestling, boxing, and so forth. In addition, I would, of course, like such types of sport as soccer, volleyball, and basketball to develop in the republic.

But equestrian sport is traditional for Kabardino-Balkaria and somewhat of a national characteristic. I would like us to find within ourselves the forces to revive this type of sport and to direct it into a channel which brings horse-breeding in the Kabardino-Balkar Republic not only to the all-Russia level but also to the international level—the Derby and so forth.

I myself have not played sports since I went to work in agriculture because there was absolutely no time. I do not have the time, unfortunately. But I have respect and liking for all those who organize people's life and play sports.

G. Kishkeyev (ITAR-TASS): Does the Russia Is Our Home bloc have opponents in the Kabardino-Balkar Republic? The tension following the tragedy in Budennovsk is not subsiding. Will Stavropol Kray in this connection remain faithful to the treaty concluded with the Kabardino-Balkar Republic, considering the mood of the Cossacks and their creation of Cossack formations?

[Kokov] There are undoubtedly opponents of the Russia Is Our Home bloc in the Kabardino-Balkar Republic. You know that the Agrarian Party and the Communist Party have not joined this movement and have no desire to join it under any circumstances. They both occupy quite a prominent place in the republic. You know also that Russia's Choice, Yabloko, and so forth are

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not members of this movement. Nor, of course, can the national patriots accept this movement. There are sufficient opponents of this movement, therefore. But the prudent part of the program of this movement, which is geared to assurance of the state's economic development and a strengthening of the statehood of Russia itself, is shared by us, and we will do everything in our power to ensure the development of this movement in the republic.

The tension following Budennovsk is being stoked artificially, but it is already subsiding. And there will be no change for the Kabardino-Balkar Republic nor could there be in the relations with Stavropol Kray and other components of the Russian Federation in connection with the events in Budennovsk. Nor are there are grounds for this. As far as terrorism in general is concerned, this is not only a Russian creation, it has a world base, and terror occurs in the oldest democratic states.

All normal people on earth need to combat terror. I cannot understand representatives of the news media glorifying the leaders of this terrorist stunt. I cannot understand these zealots for democracy who can say: "What choice did he have?" Were I to realize any of my discontent under the cover of the seriously ill, under the cover of women and children, such a man and such thoughts are not worth a damn. This does not fit any framework. Either a civilized framework or the framework of our traditions and customs. Name me one Kabardian or Balkar who would ever join a fight using women as cover. This is universally condemned among normal people, therefore, both in Stavropol Kray and in Kabardino-Balkaria equally.

Terror cannot be a method of the resolution of contradictions. And I am convinced, therefore, that this act of terror will not influence relations between us and Stavropol Kray in the least.

As regards the Cossacks. It is profitable and necessary for some people to play the Cossack card. We are for the Cossacks in their best patriotic qualities. But we are against the Cossacks inciting interethnic discord in a multinational federative state. However hard I work and wherever I am, I will emphatically oppose all actions that loosen the unified ship of the Russian federative state.

M. Bzhenikov (Kabardino-Balkaria Radio): Which direction, Chernomyrdin's (peaceful) or Grachev's (military), will prevail in a settlement of the Chechen crisis? Which of them has prospects? What place do investments occupy in the economy of our republic?

[Kokov] The Chechen Republic, in my conviction, which corresponds to the opinion of the majority of the healthy population of our republic, has its own path of development within the Russian Federation. And for this reason the negotiations that are under way currently will lead to the establishment of a provisional administrative order: to support for elections there at the right moment, to the restoration of the national economy, to the disarmament of the illegal elements—this is the line that will prevail. I shall call it the prudent line. As far as the other line, of an exclusively military solution of the conflict, is concerned, I do not know this one. I recently met with the president of the Russian Federation. His intentions are to prevent a single casualty. There are two clamoring sides in war. Who is to blame and to what extent are a matter for history and investigation. But the aspects about which I have spoken in the course of the negotiations must be realized. The path of a resolution of these problems lies exclusively within these parameters. There is no resolution of the crisis on other levels. The aspirations of the Government of Russia in a resolution of the Chechen conflict lie within the framework of the current constitution, the integrity of the state, the establishment of a provisional administrative authority, support for elections, restoration of the economy, and the creation of the minimum necessary living conditions for the population. I am convinced that it is this line, but none other, that will prevail.

As a matter of fact, this problem never did have a military solution. Nor did the well-known presidential edict set the task of a military solution. The task set was that of a restoration of constitutional order. It did not contemplate shooting, on the contrary, it contemplated a surrender of weapons by the illegal armed elements.

I shall take you back to the first edict issued in Kabardino-Balkaria following the election of the president. This was an edict defining as illegal and impermissible the carrying of weapons in Kabardino-Balkaria. And the job was to disarm. As soon as there is a sufficient quantity of illegal arms here, there will be no peace in this component of the Russian Federation either. We are working daily, therefore, to ensure that such weapons not accumulate in the republic. They are being brought into the republic, nonetheless.

As far as foreign investments are concerned, they are just about zero here, it may be said. Although there is a joint venture at the Iskozh Works and although a new leather factory is being built with the participation of Italian capital. But this is negligible. All of this does not amount to $10 million even. We are working perseveringly, therefore, on putting in shape a government guarantee of $300 million. And as a result of almost a year's work we have managed to formalize

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14 draft business plans more or less corresponding to the world standard. We have formed a special accounting group, and this work has now been put on a systemic footing.

I believe that by 1 September we will have no fewer than 40 projects, which will constitute approximately $400 altogether.

Which of these we will be able to defend before foreign investors and which after this will be supported by the Government of Russia, we will see after 1 September.

M. Khapova (KABARDINO-BALKARSKAYA PRAVDA): Is it true that the Chechen Republic has turned down humanitarian assistance from the Kabardino-Balkar Republic?

[Kokov] No. We are rendering the Chechen Republic assistance through various channels, from computer equipment through general construction work. We, for example, were assigned the restoration of what is, perhaps, the city's most important facility—the hospital. It is being restored by the Kabbalkstroy Stock Company under the leadership of R.M. Dzugulov. And the comments of those who are supervising the progress of the restoration work in the Chechen Republic concerning the activity of our construction workers are very good. And we regard this assistance as a matter of honor and will do everything in our power to ensure that the facilities which are entrusted to our republic are restored as quickly as possible.

I. Terekhov (INTERFAX): The events in Budennovsk showed that terrorism has become a method of political struggle in Russia. What measures are being adopted by the republic leadership in this connection in support of the security of the life of its citizens?

[Kokov] It is unscrupulous, from whatever side this may happen, to use the tragic events in political games and to derive political dividends. As far as specific measures which the republic is adopting or could adopt for the safety of the citizens are concerned, I will say that at that time also we were not sleeping either in the direct or the metaphorical sense. And of the 6,500 officers of the Kabardino-Balkar Republic Ministry of Internal Affairs, we could today raise no fewer than 3,250 fully and equipped and armed. It is this manning level and, most important, the armament of the personnel that we have undertaken in the past six weeks. This is one aspect. A second is that we have begun more than ever before to keep an eye on our administrative borders. This is a temporary business, of course. But there is no other way today. Finally, we have tightened passport procedures and supervision of the purchase and sale of homes and so forth. All these and a number of other measures, I am sure, guarantee the citizens of the republic a tranquil way of life.

I can report to you that the Kabardino-Balkar Republic completed the first six months of the current year with the best indicators in the Russian Federation in the fight against delinquency. It could be said that our relatively unsatisfactory state in the safeguarding of law and order is the best in the Russian Federation. But we are not complacent.

Z. Kambiyev (ADYGE PSALE): A big program for the supply of gas to localities is planned in the republic. Its fulfillment is being delayed. What are the prospects of a solution of this question?

[Kokov] The problems of gas supply have been given close attention. The main thing is that we have today a recognized and confirmed program of gas supply of the republic up to the year 2000. It is within the framework of this program that work is being performed at this time. The itemized list of construction projects in 1995 about which I spoke includes multi-billion-ruble amounts of work on gas supply. This means 250-270 km of gas mains altogether. I am convinced that there is no other way for us, there are things that have to be done under any conditions. Gas supply pertains to a problem which we must tackle in spite of all difficulties. We consider it a priority construction project, therefore, and will for this reason finance it in full.

Sh. Nagucheva (NART): What is being done in realization of the edict "Kabardino-Balkaria Free Economic Zone"? The Committee for Emergencies of Russia is allocating Abkhazia R10 billion. Does this sum take account of all that will be done for Abkhazia by Kabardino- Balkaria, Adygea, and Karachay-Cherkessia?

[Kokov] As far as the decree on a free economic zone, which is being drafted in accordance with the edict of the president of the Russian Federation, is concerned, the work on this document has been completed. It will be presented to the government. As part of the results of the period for which the edict on a free economic zone will operate we are to obtain many additional jobs and enterprises built with the resources earned and borrowed in this period.

As far as the assistance to Abkhazia rendered by the Russian Federation in the shape of the Ministry for Emergencies is concerned, it does not include any funds originating from components of the Russian Federation, including the small amount that we are doing for Abkhazia at a difficult time for it. [end Kokov]

Kabardino-Balkar Republic President V.M. Kokov also answered other questions from the journalists.

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Kokov on Industrial Production Growth

954F2794B Nalchik GAZETA YUGA in Russian 14 Jul 95 p 1

[Zarem Khadartseva report on news conference given by Kabardino-Balkar President Valeriy Kokov on 8 July; place not given: "Valeriy Kokov: The Rate Of Industrial Production Growth in Kabardino-Balkar Republic Is the Highest in Russia"]

[FBIS Translated Text] Saturday, 8 July—KBR [Kabardino-Balkar] President Valeriy Kokov met with local journalists. In the course of an hour-and-a-half-long conversation, all spheres of republic life were covered—from economics to sports.

Valeriy Kokov noted that over the past half-year the volume of industrial production in the KBR grew 1.5-fold as compared to the corresponding period of last year. And this is considering that foreign investment amounted to less than $10 million.

The current harvest noticeably exceeded last year's level. There is a firm belief that the republic will fully meet its needs in grain and feed.

Thanks to restoration work the AO [joint-stock company] Kabbalkproyektstroy is doing in Chechnya, it is estimated that the construction complex will handle more work this year than last.

As to the consumer market, it is functioning at last year's level.

Analyzing the political situation in the republic, the president said that he remains a supporter of the idea of a limited number of parties. "We will not physically suppress new parties, but will support the three or four largest ones that reflect the interests of our population," he emphasized. At the same time, Valeriy Kokov noted that he will do everything in his power to boost the Russia Is Our Home movement in the KBR.

The KBR president also had something to say on the Cossack problem: "We are for the Cossacks in their best cultural manifestation. We are for the Cossacks in their best patriotic qualities. But we are against the Cossacks inciting interethnic strife in the multinational Russian state."

Answering journalists' questions regarding the events in Chechnya, Valeriy Kokov said: "This problem never had a military solution. And the particular edict of the president of Russia did not set the task of a military solution. The task was to restore constitutional order. It did not envisage shooting; on the contrary, it envisaged the illegal formations' surrendering their weapons." The president expressed the conviction that "the Chechen Republic has its own road of development as a constituent part of the Russian Federation." Currently the KBR is providing assistance to Chechnya "from computers to general construction work." In particular, our construction organizations are rebuilding the central hospital in Groznyy.

At the press conference Valeriy Kokov elaborated in detail on sports. He believes that martial arts—karate, judo, classic wrestling, and boxing—should have priority development in the KBR. In addition, he would like to see soccer, volleyball, and basketball develop in the republic. Neither did the president forget the republic's traditional sport—equestrian sport. "I would like," remarked the president, "for us to find in ourselves the strength to revive this sport and channel it in such a way that would bring KBR horse-breeding not only to the all-Russia but also to the international level."

"I myself have not been involved in sports since I went to work in agriculture—I have absolutely no time for it," Valeriy Kokov said.

Kabardino-Balkaria Registers Six Political Parties

954F2794A Nalchik GAZITA YUGA in Russian 14 Jul 95 p 1

[By Zarema Khadartseva under the rubric "To the Elections": "Communists and Agrarians Proved the Most Disciplined"]

[FBIS Translated Text] According to Ministry of Justice data, six political parties have been officially registered in the KBR [Kabardino-Balkar Republic]: Agrarian, Democratic, and Communist Parties, the Party of Russian Unity and Accord [PRES], the Adygey People's Party, and the Consolidation Party. A year ago there were seven (GAZETA YUGA No. 23, 1994). The Republican Party recently announced that it is disbanding.

In the opinion of observers, only the communists and agrarians, which unite in their ranks, respectively, over 4,000 and 6,000 members (for comparison, the Consolidation Party has 105 members), represent a real force. They have party discipline and regularly collect dues. These parties with full justification claim the status of all-republic (for this a party must have branches in at least five districts of the republic). The PRES, for instance, is not only far behind them in numbers (121 members) but also did not have the documents to prove that it qualified for the right to call itself an all-republic party.

Judging by the documents, all members of the Democratic Party should have been automatically dropped long ago: None have paid membership dues since 1993. The democrats, however, for the second year have been

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unable to convene a conference that would finally decide the question of liquidating the party.

All the parties intend to participate in the election campaign. But so far only the PRES has joined the Russia Is Our Home electoral coalition. The Consolidation Party does not rule the possibility of joining. At the same time, the communists and the agrarians have announced that they will be going in as a separate bloc. Keeping in mind that Kabardino-Balkaria has one seat in the Russian Federation State Duma, and the republic leadership has announced its support for Russia Is Our Home it is not hard to figure out the chances of the candidates from other blocs.

Tatarstan Prime Minister News Conference Coverage

Mukhametshin Reviews Economic Status

954F2771B Kazan RESPUBLIKA TATARSTAN in Russian 12 Jul 95 p 1

[By Yelena Taran: "'We Could Halt the Decline in Production in the Present Year'"]

[FBIS Translated Text] At a news conference yesterday Farid Mukhametshin, prime minister of the Republic of Tatarstan, announced two main items of news. The first is that the Government of Russia has adopted the decree "Creation in the City of Yelabug of Capacity for the Production of Passenger Automobiles," which, we hope, will get the lump known as the YelAZ moving. The second piece of news is that, having exhausted its patience, the Government of Tatarstan intends to underpay the federal treasury the amount of taxes by which the Russian Government is in debt to the enterprises of the defense complex of the Republic of Tatarstan for the results of 1994. But first things first.

The decree signed by the Russian premier essentially opens the doors to the creation of a joint venture for automobile manufacture with the participation of the American General Motors and International Motors companies. Both parties—Russian and American—have equal shares in the capital fund, what is more (it is put at $300 million)—50 percent each. As far as the contribution of the Russian side is concerned, it will be formed from the buildings and installations already built at the YelAZ and a monetary share of 320 billion rubles [R], half of which will be contributed by Tatarstan.

According to Ravil Zaripov, general director of the Yelabug Auto Works, the proposed capacity of the first stage will constitute 50,000 automobiles a year. It is planned to assemble the first automobile in September of next year if, of course, the parties do not procrastinate over the signing of the master agreement and the charter, and the Council of Experts under the Government of the Russian Federation, over the conclusion of the business plan.

Initially, obviously, the automobiles will be assembled only from units and components supplied from Detroit and General Motors' Brazil branch. It is planned within five years to have assimilated 75 percent of the components in Russia, primarily at enterprises of Tatarstan. Even today the stamping and casting may be located at spare capacity of the Kama Truck Plant. And it would be absurd to create new plants, for industrial rubber or plastic products, say, if the republic already has such, Farid Khayrullovich emphasized. The first steps in this direction have already been taken: The YelAZ has signed 47 protocols with enterprises of the Republic of Tatarstan for the manufacture of components.

As far as the creation of jobs is concerned, a further 2,500 will be added to the existing 5,000, according to Ravil Zaripov. It should be further considered, what is more, that one place at the main YelAZ production line will create five or six jobs at subcontractor enterprises. In a word, the first stage of the development of the auto works should alleviate, if only partially, the problem of employment in the region.

Now a few words about the automobile which it is planned to manufacture in Yelabug. This vehicle is the mid-range Chevrolet Blazer. The design capacity of the engine is 130-140 horsepower with a fuel consumption (with 130 h.p.) of 8.5 liters per 100 km. This is a four-wheel-drive Jeep geared to Russian roads. Tests of the vehicle (under the auspices of the Central Automobile and Automotive Research Institute) have been conducted for various regions of Russia, and the Blazer has passed them. According to the leader of the YelAZ, it is planned to assemble also modifications—for the police and medical purposes—and light pickups for carrying people and goods.

The approximate price of the Yelabug Blazer will be $18,000. Not cheap, but this class of automobiles in the United States, Ravil Zaripov observed, costs $20,000, and the VAZ Model 10 will cost customers $14,000-16,000.

In addition, from the resources obtained from sale of the Blazer it is planned to build stage two of the Yelabug Auto Works—for the production of the subcompact Oka and Tavria classes. It is not yet clear what kind of vehicle will be produced at the YelAZ for the ordinary Russian. But stage two will require far more resources inasmuch as an acceptable price ($1,500-2,000) may be obtained only thanks to an increase in the extent of production. We are talking not about tens but hundreds of thousands of automobiles a year.

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But these are as yet questions for the future, Farid Mukhametshin emphasized, and the resources invested in the YelAZ ($2 billion altogether) have not been frozen, the enterprise outfit will be provided with work, and the republic budget may expect substantial receipts, and Yelabug, the further development of the social infrastructure.

Part two of the news conference was devoted to the results of the development of the republic's economy in the first six months and the meetings of the prime minister of the Republic of Tatarstan with the leaders of Russian ministries. It is too early to speak of serious positive changes in the republic economy, Farid Khayrullovich observed, but certain trends may be noted.

An increase in industrial output has been observed in the fuel, chemical, and petrochemical branches. In the first half of 1995 construction materials industry worked better than in the first half of 1994, which had a salutary effect on the construction production line. Light industry has begun to feel better—thanks to the decisions adopted on the allocation of credit and the granting of other privileges for enterprises of the branch. Machine-building and metal-working enterprises are having a hard time.

As far as the budget is concerned, it was realized on the revenue side 103 percent, on the expenditure side, 93 percent. Tax arrears constituted 20 percent or R200 billion. On account of the deferred payments (in accordance with a decision of the government), the treasury experienced a shortfall of a further R286 billion. These funds were left at the enterprises specially, the prime minister observed, in order that they might replenish their working assets and rectify the situation. Strain in the budget was created also because the government authorized the enterprises to channel up to 50 percent (and even more in a number of cases) of incoming resources into the clearance of wage arrears. But in the second half it will be necessary to take this privilege away from the enterprises that have been able to rectify matters. We cannot, F.Kh. Mukhametshin emphasized, postpone the allocation of credit to construction and agriculture and the financing of the publicly funded sphere.

The prime minister's Moscow meetings were connected primarily with Russia's clearance of its debts to the enterprises of the military-industrial complex for 1994 and the allocation of credit for purchase of the harvest of the present year (the drought is preventing us gathering in the planned harvest) and also funds for the elimination of the consequences of the tornado. The Russian Government, unfortunately, is failing to comply with the agreements concerning a return of the debts to Tatarstan's defense industry. Although, according to a decree of the State Duma, the republic is to receive R96 billion from the federal budget. In the expectation of these resources the Government of the Republic of Tatarstan allocated R30 billion to enterprises of the military-industrial complex for the disbursement of wages. But the republic budget has gotten back only R2.3 billion.

To the just demand of the leadership of Tatarstan V. Panskov, minister of finance of Russia, announced that there is no money in the federal budget. The prime minister of the Republic of Tatarstan then declared that the republic would not pay in taxes to the federal treasury the amount owed enterprises of the military-industrial complex by the Russian Government. The same coded telegram was sent to Viktor Chernomyrdin. The Russian premier has made absolutely no response to this step by Kazan as yet.

As far as the problem of agriculture is concerned, the harvest prospects now, on account of the drought, are lower, although we have invested sufficient resources in this branch: $33 million worth of fertilizer were purchased, as were $3.8 million worth of plant-protection agents, and 200 tonnes of crude were sold to purchase fuel. Nonetheless, additional appropriations for the purchase of food will be required.

In addition, a draft decree of the Government of Russia in connection with the drought in a number of regions of the Russian Federation has been prepared, and it is planned to allocate R7.2 trillion for this purpose. Tatarstan, as one of the worst-affected regions, should obtain credit.

According to Farid Mukhametshin, the damage caused the republic's economy by the tornado is put at R300 billion. A more thorough calculation is being made at this time: Each field, each farmstead, each home is being recorded. It may be hoped, obviously, that Russia will cover our losses in an amount of R150-160 billion. The rest, it has to be assumed, will have to be covered from our own resources. True, the prime minister observed, some farms insured their fields and buildings and are now being paid off. Positive experience, which will, most likely, find supporters.

Mukhametshin on Federal Taxes

954F2771A Kazan IZVESTIYA TATARSTANA in Russian 12 Jul 95 p 1

[Report on news conference given by Farid Mukhametshin, prime minister of the Republic of Tatarstan, by Sergey Fedotov of INTERFAX specially for IZVESTIYA TATARSTANA; place and date not

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given: "Tatarstan Is Closing Off the Kazan-Moscow 'Tax Pipeline'"]

[FBIS Translated Text] Yesterday Farid Mukhametshin, prime minister of the Republic of Tatarstan, held a news conference unusual in its amplitude of information. But in the succession of interesting facts the news of the impending termination of payments to the federal treasury sounded particularly....

"The debts of the Ministry of Defense of the Russian Federation to enterprises of the military-industrial complex of Tatarstan in the past year constituted more than 96 billion rubles [R]. We have decided to pay no taxes to the federal treasury until the arrears to defense are paid off," Farid Mukhametshin declared. In his opinion, the return of the debts to the republic's military-industrial complex will take a month. The prime minister observed that the debt is recognized by the Ministry of Finance and the Ministry of Defense of Russia and that he had notified Viktor Chernomyrdin, head of the Government of the Russian Federation, of his decision. "The step on which we have resolved was involuntary. Prior to this, the republic has punctiliously transferred taxes to the federal budget, and more than R670 billion have been transferred since the start of this year alone," the prime minister of the Republic of Tatarstan observed.

Under no circumstances is Tatarstan moving to sever the established relations with Moscow, the head of the government emphasized. Moreover, in some other branches the republic is in need of assistance from the federal budget. First and foremost, for the elimination of the consequences of natural cataclysms. The drought has fairly fractured the plans for the harvest, and aside from additional bread purchases, it will be necessary to import vegetables into the republic. As F. Mukhametshin told the journalists, the Government of the Russian Federation is preparing a decree on assistance to territories that have suffered from the drought, which provides for financial support in an amount of R7.2 trillion. Tatarstan is entitled to expect its share.

The prime minister and Ravil Zaripov, general director of the YelAZ Production Association, who was also present at the news conference, illustrated the prospects of the motor-vehicle plant, which had been lost until recently. "The first Jeep will be assembled at the YelAZ in mid-1996," R. Zaripov declared. An agreement will be signed in the very near future between the American General Motors and International Motors companies on the one hand and the Governments of the Russian Federation and Republic of Tatarstan on the other on the manufacture in Yelabug of the Chevrolet Blazer rugged all-terrain mid-range vehicles. Investment in the construction at the first stage will be undertaken by the said parties in equal shares. The overall cost of the project is $300 million. Within five years the YelAZ is to have reached the level of the manufacture of 50,000 vehicles a year. Initially the Jeep will be assembled wholly from American parts, but in time the level of the components manufactured in Russia will reach 70 percent. At the second stage of the project vehicle production will reach 300,000 a year, and the CIS countries will participate in the investment.

IZVESTIYA TATARSTANA information: Our newspaper wrote about this vehicle in yesterday's edition. We would add merely that this is a four-wheel drive Jeep with a 2.4-4 liter engine. Gas consumption per 100 km is 8-8.5 liters. The manufacture of specialized vehicles for the police and ambulances on the basis of this model is contemplated.

Farid Mukhametshin dwelt briefly on the results of the six months, noting that the increase in industrial output in the six months constituted 0.8 percent. In his opinion, Tatarstan could halt the decline in production in the present year.

Tatarstan Unemployment Increases Over 12 Months

954F2795A Kazan IZVESTIYA TATARSTANA in Russian 14 Jul 95 p 1

[Unattributed article: "Unemployment Surge in Tatarstan"]

[FBIS Translated Text] The level of unemployment in our republic in the last 12 months has risen by a factor of 3.4. According to forecasts, twice as many people will apply to the employment service in the second half of the year than in the first.

Data like these were heard during the regular meeting of the Republic Interdepartmental Commission on Ensuring the Social Protection of the Population, which was held the other day under the chairmanship of First Deputy Prime Minister of the Republic of Tatarstan Ravil Muratov, about which the Center for Social Problems of the Republic of Tatarstan reported.

As Damir Kayumov, chairman of the State Committee for Labor of the Republic of Tatarstan, informed while presenting a report at the meeting on the Program to Promote Employment and Social Protection of the Unemployed Population of the Republic of Tatarstan for 1995, unemployment during those same 12 months increased by a factor of 1.7 in Russia as a whole, but despite the unenvious "outstripping" in this sphere, Tatarstan remains, as before, among the relatively well-off regions. In addition, the unemployment problem is being eased significantly owing to the implementation of

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a number of measures envisioned by the aforementioned program.

Nevertheless, Farida Gaynullina, chairman of the Federation of Trade Unions of the Republic of Tatarstan, made a number of comments on the program, proposing in particular to revise the list of professions whose retraining the employment service is working on for the purpose of eliminating parallelism with the work of the trade school system, and the commission as a whole invited the attention of the State Committee for Labor and the Employment Fund to delays in the presentation of the program and instructed this department, jointly with the Center for Social Problems and the Chamber of Commerce and Industry of the Republic of Tatarstan, to submit a similar document for 1996 no later than October of this year.

It appears that fundamental progress has been noted on the question of transforming the program of social protection into one that is targeted in the full sense of the word: At the initiative of Aleksandr Tarkayev, chairman of the Administrative Council of the Chamber of Commerce and Industry of the Republic of Tatarstan, the commission decided to recommend to the Republic of Tatarstan Cabinet of Ministers the adoption of a decree on completing the introduction of a data bank of targeted social protection that will provide for putting into practice in the republic a "social personality code" and plastic cards, and the establishment of a network of rayon information centers.

The commission approved the staff of a working group for conducting an expert analysis of normative acts concerning state off-budget funds, the introduction of changes to legislation in effect, and also the adoption of a decision to send to the Cabinet of Ministers of Tatarstan for approval a state report "On the Family Situation in the Republic of Tatarstan" and to recommend to the Cabinet of Ministers the following: To establish a structure to work on family problems under local administrations (apparently taking into account the experience of the Naberezhnochelinskiy mayor's office); to instruct a number of ministries and departments to elaborate priority measures to improve the family situation in the republic and to submit their proposals for examination by the commission before November of this year.

The reasons for the indebtedness of the off-budget funds of health services institutions, the practice of allocating resources from these funds for the implementation of various special purpose programs, and some other questions were also examined.

Procuracy on Crime Situation in Tatarstan

954F2795A Kazan IZVESTIYA TATARSTANA in Russian 14 Jul 95 p 1

[Report by Group of Procuracies of the Republic of Tatarstan for Liaison with the Mass Media: "It Is Too Soon To Be Complacent in the Fight Against Crime"]

[FBIS Translated Text] An expanded meeting of the collegium of procuracies of the Republic of Tatarstan was held on 12 July in Kazan that examined the results of the activity of Procuracy organs for the first six months and established tasks for the implementation of laws directed at the fight against violations of the law and crime. City and rayon procurators and their deputies took part in the work of the collegium.

Republic Procurator Sayfikhan Nafiyev presented a report. He noted that in the first six months the law enforcement organs had succeeded in maintaining control in the sphere of fighting crime. The total number of crimes in comparison with last year was reduced by 4 percent. This trend manifested itself in 19 rayons of the republic. The number of crimes committed on streets and in public places decreased by one-third. The decrease occurred in 37 rayons and cities. There was a noticeable reduction in the number of individual types of crime—such as premeditated murder, rape, and grave bodily injuries. The number of crimes against property also decreased: violent robberies, thefts, motor vehicle thefts, and apartment break-ins.

The speaker noted that initiative and a demanding approach to the organization of procuracy supervision were displayed by Procurators I. Shayfutdinov (Naberezhnyye Chelny), K. Spiridonov (Chistopol), F. Safin (Zelenodolsk), and also R. Kaneyev (Aksubayevskiy Rayon), K. Sungatov (Aryzskiy Rayon), I. Zinnurov (Kaybitskiy Rayon), S. Zaytsev (Leninogorskiy Rayon).

However, the positive results, as the speaker emphasized, do not justify complacency, inasmuch as the decline in the general mass of crimes was accompanied by serious qualitative changes. The number of such crimes, daring in design and professional in execution, increased almost everywhere. The proportion of grave crimes increased. The number of premeditated murders rose in 17 rayons and remained the same in 15 rayons. All told, 316 premeditated murders were recorded in the republic. A lot of work remains to be done to solve them and punish the criminals.

The procurators' and investigators' main task is protection of the legal rights of citizens and the creation of safe living conditions, the speaker said, focussing the attention of all participants of the collegium.

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But procuracy supervision has not yet paid appropriate attention to the drive and quality of investigations. Particular concern is aroused by the increased crime being committed by minors in 20 rayons of the republic. The low level of the fight against organized crime, especially in the sphere of economics, causes alarm. The most criminogenic is the credit-financial system and the processing industry and trade.

The speaker severely criticized serious shortcomings in the organization of procuracy supervision of Procurators A. Mingazov (Aviastroitelnyy Rayon), M. Reynlib (Vakhitovskiy Rayon), and V. Klyukin (Novo-Savinskiy Rayon), and demanded from them unconditional execution of the entire system of procuracy supervision and reaction.

The collegium approved a resolution aimed at improving procuracy activity and eliminating the noted shortcomings.

Novosibirsk Councils Operating With Limited Powers

MM1807155095 Moscow PRAVDA in Russian 18 Jul 95 p 2

[Interview with Anatoliy Sychev, chairman of the Novosibirsk Oblast Council, by Dmitriy Gutenev, in Novosibirsk, date not given: "President Too Soon To Bury Councils" — first paragraph is introduction]

[FBIS Translated Text] Novosibirsk — Novosibirsk Oblast is one of the few territories in Russia that did not want to follow the president's instruction and change the name of the representative organ of power. The oblast council of people's deputies is still in operation there — albeit elected under new rules. What is this — a nostalgia for the past, a tribute to a long-standing tradition, or a form of protest? I put this question to Anatoliy Sychev, chairman of the Novosibirsk Council.

[Sychev] Our council aside, one other council in Siberia is in Khakassia. It hasn't even stood for reelection yet. Meanwhile, in Kemerovo Oblast the legislative assembly has become the oblast council of people's deputies, and in Omsk the city duma has reinstated its familiar title — the city council. I think the president acted hastily when he announced that "the councils are a thing of the past in Russia, thank God." In form, perhaps that is true, but in people's minds — hardly.

I cannot deny that the retention of the old name was a kind of protest against the violation of the constitution operating then. At that time three-fourths of the council's deputies were Communists, even though a considerable proportion of them were of a democratic orientation. The previous council had not dissolved itself or been disbanded, and it continued working until the March elections. When they were over the question of the name cropped up again. But the deputies reasoned this way: "We were elected to the council, not to a duma or an assembly. Furthermore, this form of collective work by an elected organ exists in many countries. Ought changes to be made simply for the sake of political expediency?"

[Gutenev] But how are your relations formed with the executive today, Anatoliy Pavlovich?

[Sychev] On the basis of the law. In November, we held a session where the report on the socioeconomic situation in the oblast was delivered by oblast administration head Indinok. The discussion was stern. In his closing address Ivan Ivanovich said angrily: "Do not confuse the head of the administration with the old oblast council executive committee chairman! They are different." Yes, they are different. But so long as the legislative organ has some powers we will operate within the framework of those powers. This is the sphere of the administration, and even if we dislike its actions we are forced to accept them because they are lawful. If we do not abide by this principle, who is going to operate on any kind of lawful basis? Our personal relations are fairly significant, we can always speak to one another plainly. If the head insists on something that is wrong I say to him: "I can appeal to the courts. Do I have to?" He replies: "No."

[Gutenev] What is the deputies' political spectrum?

[Sychev] The council, thank God, is not politicized. There are no formalized groups or factions. Even though my deputy and a chairman of the one of the committees are leaders of the Communist Party of the Russian Federation's oblast organization. One of the deputies is secretary of the "Democratic Russia's Choice" oblast committee. There are representatives of other movements, too. As for official titles, we have a large group of people — 12 — who are heads of administrations. We anticipated that to a considerable extent: It is better to have heads of administrations as deputies rather than irresponsible loudmouths — heads of administrations, as a rule, have a good schooling in life and leadership as well as normal common sense. Of course, they can be a burden too and they toe the executive's line. Some decisions have met with stiff opposition. For example, the interim statute on the organs of self-government was only adopted at the second attempt.

[Gutenev] What was unacceptable about that for them?

[Sychev] The heads of administration do not want people on an equal footing with them. Not only not

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above them, not even on a par with them. They want to be one-man bands. We too, unfortunately, have not succeeded in creating elected organs in the rayons. According to the president's instruction, self-government organs can be formed there consisting of elders and deputies headed by the rayon head. This organ's activity depends on the head's attitude. Admittedly, the bulk of the rayons have ratified statutes on how they are supposed to operate. But this, I stress, is not an elected organ and therefore is not accountable to anyone.

What do we have right now? The head of the rayon administration is appointed and is answerable first and foremost to the one who appointed him to that post. I see this as one of democracy's weakest spots. The link with people is severed. A man who expresses his needs to the head of an administration who is not accountable to him as a voter can do no more than crave the smallest favors.

Today people are complaining that no one is accountable to them. But who is there to be accountable? In the recent past Novosibirsk, a city of 1.5 million people, had 1,200 council deputies at various levels. Now there are 20 people in the city assembly and 15 on the oblast council. Feedback between the population and the authorities has dried up.

[Gutenev] But what monitoring rights does the council have?

[Sychev] We approve the oblast's budget, which means that we have the right to monitor its implementation. We have the ability to call people to account in regard to certain areas of land use, of course. There is also a right to monitor aspects of economic forecasting and decisions adopted by the administration.

[Gutenev] You mentioned the budget as a monitoring device. How does the oblast council influence its formation?

[Sychev] Our approach is this. Given that the budget has limited revenue potential, many needs cannot be satisfied, and it is necessary to single out those areas which must be funded from the budget. In other words, it is necessary to identify priorities.

We identified four priorities for 1994 — grain, fuel, transportation, and housing and municipal services. They were set aside as separate headings in the budget, meager though it was. For example, 45 billion rubles were set aside for the upcoming harvest. The countryside used that money to buy seeds, fuels and lubricants, equipment, and in some cases mineral fertilizers. A further 100 billion were allocated to support stockraising. A considerable sacrifice had to be made for this money: The 40-percent pay raise was paid not from 1 July, according to the directive, but from 1 October. In other words, part of the money was effectively taken from the doctors, teachers, and other workers in the budget-funded sphere. On the other hand, the result was that grain was produced and the stockraising sector — although not everything — was rescued. Food prices are tolerable now. The situation was the same for the other priorities. Via the mass media and face-to-face meetings, we were able to explain to people that things would be better for them this way. We are pursuing the same line this year as well.

[Gutenev] Incidentally, Anatoliy Pavlovich, how are the council's relations with the press shaping up?

[Sychev] We were one of three cofounders of SOVETSKAYA SIBIR, a newspaper with a very large circulation. There is also the weekly VEDOMOSTI. In addition, there has been a deputies' radio station in operation for over a year now. For several months, however, its work was artificially interrupted by the Communications Ministry. Now it has obtained a license and work has resumed. We are preparing for the launch of a television broadcast of the council, although this will not be easy. Deputies are cooperating quite actively with other mass media too.

Election Commission Chair on N. Ossetian Elections

LD1807211795 Moscow ITAR-TASS World Service in Russian 1358 GMT 18 Jul 95

[By Valeriy Shanayev]

[FBIS Translated Text] Vladikavkaz, 18 Jul (ITAR-TASS) — Taymuraz Chedzhemov, chairman of the republican Central Election Commission told ITAR-TASS that of the 75 mandates of North Ossetia's supreme legislative body, 66 have been distributed. Today the Central Election Commission published the results of the third round of elections to the republican parliament held on 16 July in 13 constituencies.

Four deputies have been elected and elections were not valid in two constituencies because of a low turnout. In other constituencies repeat elections will be held. In one constituency the results are questioned. The Central Election Commission is analyzing them.

Of the current corps of deputies, the chairman of parliament, his deputies, and the chairmen of committees have been elected. The new parliament differs from the former Supreme Soviet not only in numbers. Directors, banking, and commercial structures are now well represented in it. The proportion of creative and scientific intelligentsia and women in the parliament has decreased.

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Comment on Maritime Kray's Coal 'Crisis'

MM1907085595 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 p 1

[ITAR-TASS report: "Crisis Could Worsen"]

[FBIS Translated Text] "If we do not help Maritime Kray now, in a month's time it will be too late to take any measures," Yuriy Malyshev, general director of the "Rosugol" concern, stated in an interview with an ITAR-TASS correspondent.

According to Malyshev, the crisis in the coal mining sector is one that is affecting not only Maritime Kray miners but even workers at prosperous enterprises. But the situation in Maritime Kray is compounded by the fact that it does not mine enough coal of its own to cover the fuel shortage in the Kray.

The current payment default situation and the acute coal shortage in Maritime Kray could be repeated in even tougher form in four months' time, when it is planned to switch Russian power workers to nonsubsidized working.

Kuban Grain Harvest Hit Mildly by Heatwave

MM1907083295 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 p 2

[Report by Vladimir Udachin: "Grain Is an Adjective. Kuban Losing Traditions of High Crop Farming Standards"]

[FBIS Translated Excerpt] Krasnodar Kray — The two-month heatwave that has drawn the sap from the ears of grain has accelerated their ripening. The harvest season is under way so rapidly that machine operators, having taken care of winter barley over 300,000 hectares in the space of a few days, have moved on without their traditional one- or two-week interval to harvesting the main crop — winter wheat, which covers just over 1 million hectares. Temperatures have been so high that if you were just a day or two late, the grain would remain in the ground.

More than half of the harvest of winter crops has already been threshed. It is a small harvest by Kuban standards — wheat is currently yielding 33.1 quintals per hectare. There have been large differences — from 19 quintals in Novopokrovskiy Rayon to 43 quintals on the experimental production farms around Krasnodar. The latter are maintaining the principles of intensive cultivation of grain crops, and, although the drought has affected the experimental production farms as well, the results nonetheless speak for themselves. On the Krasnodar Agricultural Scientific Research Institute's "Kolos" Experimental Production Farm, named for Lukyanenko, wheat has already been completely threshed and up to 55 quintals of quality grain have been produced from each hectare. You would think that this would be cause for celebration, but Institute Director Petr Rybalkin is unhappy — it is not enough. Of course not, when in recent years there were steady yields of 60-70 quintals.

Whoever I spoke to — academics, agronomists, or administrators — everyone blamed the current heatwave for the bad harvest. We have to agree with that fact — there is nothing we can do about it, all the more so as the drought has affected all of European Russia. But nonetheless... [passage omitted]

Economic Issues

Political Plans Delay Paramanova's Confirmation

MM1907085695 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 p 2

[By Sergey Zinovyev: "Who Will Undermine the Bank"]

[FBIS Translated Text] The question of Tatyana Paramonova's appointment as Central Bank chairman will probably be examined at today's State Duma plenary session.

If we try to seriously analyze why this candidate has been so stubbornly rejected by the parliamentarians, we immediately come up against a curious fact. Hardly any Duma factions have clearly formulated their complaints about T. Paramonova nor their arguments in her support. Most of the arguments at the faction and committee sessions were to do with general matters — in particular, the ruble-dollar rate, the defaulting crisis, protection for the population's deposits with commercial banks, and the level of interest rates. In other words, they have centered on the components of our economic crisis — in which the Central Bank is involved along with other "economic" departments. The overall situation comprises diverse interacting factors — so should Duma members make Paramonova take the rap for all of them?

There is quite a simple explanation for the deputies' continuing intrigues over the Central Bank chairmanship, as journalists have repeatedly reported. Needless to say, the parliamentarians represent the interests of various financial and business circles, and this mission forces them to fight for a place in the "financial sun" for the people in their own clan. There are several such clans — they have been mentioned quite a lot in the press, as have their likely candidates for chairman. The problem lies elsewhere — the protracted behind-the-scenes maneuvers over the aforementioned position have quite clearly demonstrated that no single parliamentary lobby is currently capable of collecting the majority it needs to get its man the job.

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In this situation the ideal consolidating option would be a kind of neutral "nobody's" candidate. Tatyana Paramonova is just such a person. She is a highly skilled specialist who comes recommended both by former chairman V. Gerashchenko and by presidential and government structures. You would think that in this situation that would be plenty. But it isn't.

The main reason for all these delays, in my view, is nothing to do with the fierce lobbying for different candidates. Whether you like it or not, the real reason for what has happened was revealed at the 5 July plenary session by G. Yavlinskiy, who stated that first we have to look into the Central Bank in general and its role and place in the state's structure, and only then should we discuss the appointment of its chairman. That was roughly the argument he used in favor of postponing the vote to 19 July, when the prime minister is to address the Duma.

It is hard to believe that such a well-known economist finds something unclear about the mechanism or level of influence of the Central Bank on the economic situation in the country. There is something else at work here. In any state the central bank chairman is a political figure by dint of his or her objective abilities, functions, and responsibilities. During economic crises and financial instability, such a figure becomes doubly political. What price the bank's ability to organize something along the lines of a "Black Tuesday" for the supreme authorities!

T. Paramonova, despite all the flattering comments made about her, has never had anything to do with big-time politics. But the way things are at this level of power, a "pure specialist" in the post of Central Bank chairman becomes, if not a pawn in someone else's hands, then an object of powerful control by the most influential forces. It is clear that the government, which still shudders at the thought of V. Gerashchenko's "independent" actions, is planning to control the chairman. At this stage deputies will just have to accept the inevitability of that. Some of their leaders have already drawn certain conclusions, and the only explanation for their hard line is their desire to get some kind of dividend out of the government in return for supporting T. Paramonova.

Paramonova on Central Bank Operations, Policies

MM1907115495 Moscow RABOCHAYA TRIBUNA in Russian 18 Jul 95 pp 1, 3

[Interview with Tatyana Paramonova, acting chief of the Central Bank of Russia, by Vladimir Koval; date and place not given: "'Money Can't Buy Happiness!' So Joked Tatyana Paramonova When Our Correspondent Asked Her If It Is Possible To Be Beautiful and Happy at the Same Time" — first two paragraphs are interviewer's introduction]

[FBIS Translated Text] Tatyana Vladimirovna is kind, cheerful, frank, and undoubtedly clever. She is married — her husband works in a joint-stock company — and her 15-year-old son studies at a lycee, not a private one but a state lycee. Paramonova is always elegant and invariably feminine. For our powerful beau monde, this combination is new and surprising.

According to her zodiac sign, the country's chief banker is a Scorpio; she is interested in the horoscope predictions that come her way but pays attention exclusively to the good predictions. Her favorite relaxation? Housework. But although "money can't buy happiness," Tatyana Vladimirovna's thoughts in recent times have been exclusively occupied with the Russian ruble.

Don't Hurry To Throw Away Your Small Change

[Koval] Tatyana Vladimirovna, some wag once maliciously labeled the ruble "wooden." How would you like to see it?

[Paramonova] I am sure that it is already made of hard wood. I hope that very soon it will begin to jingle metallically.

[Koval] Perhaps we will one day return to the kopeck? I have accumulated a great deal of them — do you advise me not to throw them away?

[Paramonova] I cannot see that far ahead, but why not? Whether we manage to achieve everything we have planned, that is the main question.

[Koval] Should you be understood as saying that someone is preventing you from achieving your plans? In which case — who specifically?

[Paramonova] Let us put it like this: I have no assurance that my appointment will be confirmed in the Duma. Of course, we are trying not to lose precious time, but if someone else comes along, the Central Bank's policy could change.

Confidence in Tomorrow...for Three Months

[Koval] Well-known economists have not welcomed the Central Bank's recent decisions unequivocally. According to some, the dollar exchange rate band gives confidence — both to Russian producers, and to importers — at least until 1 October. Others claim that a band of $600 does not deprive the Central Bank of the ability to manipulate and even speculate on the currency market.

[Paramonova] What speculation can there be, given that the Central Bank's task is to smooth over undesirable

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tendencies on the currency market?! In the final analysis the exchange rate is determined by supply and demand, not by the wishes of the Central Bank. I assure you: When I come to work in the morning I do not know how the results of trading will turn out. But if we did not try to influence the exchange rate, in June (there were days of such heavy off-loading of dollars) the value of the ruble could have increased by a whole 500 points in a single day's trading, which would have had catastrophic consequences for the economy. Therefore, by buying up dollars, we smooth out drastic changes in the situation.

[Koval] But can the malevolent intentions of someone or other not be seen behind such off-loading of dollars? For instance, that of international financial circles? Do you always have normal relations with Western partners?

[Paramonova] Let us call them businesslike, partnership relations. After all, "central" bankers differ from commercial bankers if only by virtue of the tasks they face. Whereas the main goal of the latter is to obtain a profit, ours is to ensure the normal existence of society as a whole. We also have a good understanding with the central banks of Britain and France and with the leadership of the Bundesbank. They also have their own problems, and not everything is as serene as it appears at first sight.

A malevolent off-loading of dollars in Russia? What do you mean! After all, we talk of nothing else but the need for investments in our economy! So far there are none. But I am sure that investments in state securities are possible even now. There are many barriers, for example, the taxation system. When we remove the impediments, a large influx of hard currency will begin. But the Ministry of Economics, the Ministry of Finance, and the Central Bank should already be thinking out their long-term policy. We recently set up a commission on foreign investments with this aim in mind.

Carloads of Cash and a Press Release

[Koval] The Central Bank's directive on the retention of cash caused a big storm.

[Paramonova] We even issued a press release on this subject, but our explanation was ignored.

[Koval] If it is no trouble, explain this directive to our readers one more time.

[Paramonova] Every day we regulate the amount of cash in circulation. From the second half of June a situation arose whereby we started to notice that the issue of new banknotes had increased sharply. I believe this was mainly connected with the increase in the nominal exchange rate of the ruble, and trade, as we had been seeking, almost universally switched from the dollar to the ruble. However, enterprises and organizations began to accumulate large amounts of cash, and for various reasons they did not rush to hand it over to the banks. In this situation we could have found ourselves short of cash; moreover the money supply in circulation sharply increased. That is why the banks were sent a recommendation on handing over cash in good time.

The measure adopted had a great positive effect: Within just a few days 2.7 trillion rubles [R] were handed over. When money is paid into accounts, it is easier to exact taxes and increase budget revenue....

[Koval] Perhaps the press release should have preceded this step, and not the other way round?

[Paramonova] Sorry, but why should you refuse banking the right to confidentiality? As in any other trade there are operational factors. Let us suppose that today we send three carloads of cash to Krasnoyarsk. So — should we announce from what station, on what train, and with what security it is being sent?

[Koval] Does that mean that there was a provocative leak of information from the commercial banks? Incidentally, what kind of relations have you formed with them? Would you like to mention the professionalism of any of the well-known bankers?

[Paramonova] Professionalism? I have already many times spoken of my respect for Gerashchenko, the former chairman of the Central Bank. But there are more than 2,000 banks in the country, and business relations are developing with them quite normally. Although I accept that some of the Central Bank's recent actions could encroach on the interests of certain structures. But if we had not taken these steps, I am sure society would have suffered far more. The interests of society should be higher than anything else for any national bank. The attitude toward me personally? I do not feel any animosity.

Money Loves To Be Counted

[Koval] I have had occasion to hear that in the past the state has profited greatly from the appearance of firms and banks which, having promised fabulous profits, swindled the populace out of the funds they had been keeping in their "stockings," and when these firms collapsed the money ended up at the state's disposal.

[Paramonova] What rubbish!

[Koval] Forgive me, but such an opinion exists.

[Paramonova] I don't think these rumors originate among ordinary people. Listen. There simply cannot be money which is "unaccounted for." Every kopeck issued in our country since the end of the last century is documented, and the documents are in the Central

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Bank's archives. Every morning I ascertain the total sum of cash which exists in the country. We can talk about the population's savings and people's desire to invest their money profitably. The people have more than R55 trillion invested in this way at the present time. But let us be clear straightaway: The Central Bank bears no responsibility for various kinds of joint-stock companies which promise much but which essentially rob people blind. Banks licensed by us — for example, the well-known "CHARA" bank — are a different matter. We are obliged to expose those who are incapable of fulfilling their obligations to investors. But for the sake of justice, let us note that the Law on the Central Bank was adopted only 26 April. Before then, any of our actions could have been misinterpreted. Now the situation has cardinally changed.

It Was in the Duma That Paramonova First Felt Herself To Be a Woman

[Koval] The new appointments to the Central Bank are being interpreted variously. What prompted them?

[Paramonova] The normal work of any institution. A certain direction becomes cardinal and requires cadre reinforcement.

[Koval] Hasn't there been any reluctance on the part of the men working at the Central Bank to serve under a woman's command?

[Paramonova] It was only during the hearings in the Duma that I discovered that a person's sex influences that person's appointment. Until then I believed that the decisive factor should be professionalism. Still less have I had to hear such assertions from colleagues. It has always happened that at first they have been the ones to evaluate me, and only then have I received a new appointment. Someone would utter the phrase: "You must, Tatyana Vladimirovna, you must!" And I would agree.

[Koval] And who said to you "you must" on this occasion?

[Paramonova] The president.

[Koval] Were you acquainted with him before?

[Paramonova] No. But he probably had an idea of my professional abilities.

A Banker Will Not Speak Ill of "Banker"

[Koval] You will be confirmed....

[Paramonova] Don't let us speculate.

[Koval] Although we spoke of the need for confidentiality, couldn't you lift the curtain on what novelties the Central Bank has in store for us?

[Paramonova] You have probably heard about "Banker," the new clearance system we intend to introduce. This is a modern system, which even surpasses its foreign counterparts. After its introduction we will be able to significantly speed up the real-time transfer of funds on the territory of the whole country, which will have a big economic impact. It seems we have managed to achieve a fantastic task — to fit 11 time zones into an 8-hour working day.

[Koval) How?

[Paramonova] Let us postpone this conversation until the system has been introduced.

What Is Happiness?

[Koval] Tatyana Vladimirovna, I will be frank — the phrase "money can't buy happiness" sounds somewhat ambiguous on your lips. I fear that readers who struggle by on advances until they receive their wage packet may not understand you.

[Paramonova] But surely you understood what I meant? I am happy from a professional viewpoint. Because I see that much of what we planned is already happening, and happening not thanks to just anyone's efforts, but thanks to ours. And money really cannot determine happiness. Both I and my Central Bank colleagues receive incomparably less than staffers of the commercial banks. But then for some reason we continue to work, we do not leave.

[Koval] Stay happy.

Ruble Band Demands 'Very Tough' Credit Policy

MM1807142895 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p iii

[By Georgiy Trofimov, staffer at the "Natsional-nyy Kredit" Bank's Financial Analysis Department: "Foreign-Exchange Band Requires Tough Defense of Upper Barrier"]

[FBIS Translated Text] The introduction of a dollar exchange-rate band is entirely logical in the present situation, when exchange-rate dynamics have become uncontrollable. The new system will make it possible to go some way toward overcoming people's distrust of credit and monetary policy and will temporarily ensure some relative stability on the foreign exchanges. The Central Bank will pledge not to breach the limits of plus or minus 6.5 percent from the level of 4,600 rubles [R] to the dollar. This is a wide enough band to allow us to talk about a fixed or truly tough system of controlled floating. For instance, the Bretton Woods Agreement was based on plus or minus 1 percent, and the bands

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used in the European Monetary System prior to 1993 allowed only a 2.25-percent deviation from the central rate.

By introducing the foreign-exchange band, the Central Bank is not losing its ability to influence the money supply — which would happen with a fixed rate. At the same time, this influence can be far more effective than before, since the band makes it possible to douse speculation on the foreign exchanges. If the restrictions that have been brought in are taken seriously, then, as the rate nears the limits of the band, interest in speculating on a rise or fall will disappear, and the rate will fluctuate within a narrower band than the official 6.5 percent. Given this automatic stabilization, the Central Bank will be able to substantially reduce its foreign-exchange intervention and focus on hitting its targets for money-supply dynamics.

The commitments undertaken by the Central Bank and the government certainly deserve to be trusted, since the Central Bank's current foreign reserves are in excess of $10 billion, and its net internal assets, according to current information, have increased by no more than 40 percent. By the end of the half-year the Central Bank will have built up approximately $2 billion compared with the guideline figures for this year's stabilization program, and it will have complied with the restriction on growth of net internal assets. Consequently, in the next two months the exchange rate would have been unlikely to have gone over R5,000 even without the introduction of the band.

But it is obvious that the most serious test for the new system will be to defend the band (or, rather, its ceiling rate) in the second half of September. (Defending the lower limit is no particular problem — the Central Bank needs only to further increase its foreign reserves). Since the date when the limits will be revised is known in advance, some direct opportunities will arise for foreign-exchange arbitrage (between the stock market and the over-the-counter [OTC] market [vnebirzhevoy rynok] by using futures or forward contracts, or by going long on dollars). Given these opportunities, the pressure at the R4,900 level will begin around the middle of September. According to current estimates, a shift of 15-20 percent in the band can be expected after 1 October — which will make short-term bull positions exceptionally profitable. But even a 10-percent rise in the rate in the space of a week would mean that short-term money-market rates could rise to 500 percent a year. It is obvious that the money market would experience a real shock, with very serious consequences for the real economy.

In this situation it would be quite hard to avoid running down foreign reserves by several billion dollars — all the more so as the Central Bank does not control money-market rates. The loss of reserves would be dangerous, since it would create the prerequisites for new speculative attacks on the ruble in October-December. The only way to prevent the band collapsing before or after 1 October is to pursue a very tough credit and monetary policy in August-September, which would run counter to the "traditions" existing in our economy. The use of additional technical barriers to artificially limit the size of speculative deals on the Moscow Interbank Currency Exchange is only justified within certain limits — since it is likely to whip up speculative demand on the OTC market. Consequently, by introducing the band, the Central Bank, whether it likes it or not, has placed itself within a pretty tight framework, which is worthy of approval in itself.

Whatever our assessment of the foreign-exchange band system's chances of surviving, we have to admit that this is the first attempt to introduce a self-imposed restriction on currency policy. It will not be possible to bear down on inflation if the Central Bank does not start using a system of targeted guidelines in its actions that are widely known to the public and restrict "arbitrary" elements in credit and monetary policy. Otherwise it will be impossible to ensure trust in its commitments, and, consequently, to eradicate inflationary expectations.

EBRD-Gazprom Talks Enter 'Final Phase'

MM1807124695 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p iii

[By Sergey Mitin: "EBRD Reaching Agreement With 'Gazprom' on Joint Investment Worth $3 Billion"]

[FBIS Translated Text] Talks between the European Bank for Reconstruction and Development [EBRD] and the "Gazprom" concern on investment cooperation through the year 2000 are entering their final phase. In early July, "Gazprom" Vice President Vyacheslav Sheremet and EBRD Vice President Guy de Selye [surname as transliterated] signed a memorandum of mutual understanding, and working groups should complete the coordination of technical issues in September.

This agreement started being prepared in 1993, when a special EBRD group began a comprehensive study into the "Gazprom" transport system, which includes 140,000 km of pipelines and 250 compressor stations. The group has elaborated a whole slew of specific projects worth $3 billion. The projects envisage the more efficient development of fields, anticorrosion treatment of pipelines, the modernization of compressor stations, and so forth.

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Implementation of all these projects will require annual investment of $500-700 million in 1996-2000. Overall, the EBRD will assume 35 percent of the expenditure. Some of the funds will be invested by "Gazprom" direct. The rest will be covered by investors attracted by the EBRD.

The problem lies in the correlation between the last two financial components of the project. There is no doubt that the EBRD will cover 35 percent out of the funds provided by donor states — Canada, France, the Netherlands, Norway, Britain, and the United States. But it is not known what level of contribution will be made by Western private investors. But the specialists estimate that "Gazprom," which has annual sales of energy sources of $9 billion, will be able to independently contribute the lion's share of the funds needed.

Import, Export Tariffs Not Facing Radical Changes

LD1807165995 Moscow INTERFAX in English 1525 GMT 18 Jul 95

[FBIS Transcribed Text] MOSCOW, July 18 (INTERFAX) — Import and export tariffs in Russia will not be either radically lowered or raised in the near future, Deputy Director of the Russian Ministry for Foreign Economic Relations Tariff Department Aleksey Ryazantsev told INTERFAX in an interview today.

He did not confirm the forecast of independent experts that customs duties on imported foreign cars would be reduced in the next few days.

"The Ministry for Foreign Economic Relations has not received any proposals on the issue," he added.

Ryazantsev said he believed that the Russian car lobby would not let the authorities make the import of foreign cars cheaper while prices for cars made in Russia were growing. He said that otherwise Russian car-producing factories might face the threat of closure.

However, Ryazantsev agreed that the present customs duties in fact doubled prices for imported foreign cars. Russian buyers of foreign cars have to pay a 30% import tariff, a 30% excise duty and 21.5% value-added tax.

With regards to export taxation Ryazantsev repeated that Moscow had recently been consistently lowering export tariffs and had already freed from duties the overwhelming majority of goods. He said only energy supplies and several strategically important goods, in particular oil and non-ferrous metals, were still an exception.

Ryazantsev said the ministry was currently drawing up proposals concerning a considerable decrease in export duties on these goods at the beginning of autumn.

However, he declined to name concrete figures and dates, saying that the proposals were still preliminary. Ryazantsev said the governmental debate on a possible reduction of the export tariff on oil, possibly later totally freeing oil exports from taxation, was far from completion.

Nevertheless, Ryazantsev confirmed that from January 1, 1996, all Russia's exports were expected to be freed from duties in line with the government's early decisions.

Price Movements Reviewed for First Week of Jul

MM1807115695 Moscow ROSSIYSKIYE VESTI in Russian 18 Jul 95 p 3

[By Marina Lvova under the "Consumer Market" rubric: "Milk and Cottage Cheese Becoming Luxury Items"]

[FBIS Translated Text] According to State Committee for Statistics data, food prices in Russia increased 1.2 percent during the first week of July. This is the lowest inflation indicator this year. It is interesting that we should have expected a steep price "surge" precisely during this period in connection with the increase in food import duties as of 1 July.

But this has not happened yet. First, our man in the street, who has been made wiser by all kinds of reforms, learned long ago to put by the most essential things toward the end of any "period under review," be it a quarter or a half-year: Who knows what taxes they will introduce on the first of the month. But if they actually warn that they will increase a duty! In general, according to comments by the directors of several Moscow stores, to whom we turned for an explanation, the last week in June and the beginning of July proved busy for trade: People were laying in stocks.

Now demand has dwindled somewhat. Not for long, of course — you cannot stock up with food for future use. You will have to buy food just the same — at any prices. But the average July growth in food prices will hardly be as optimistic as the level of inflation in the first week of the month.

The prices of nonfood commodities also set a kind of record in the first week of July. For the first time in three months they...overtook food prices in terms of growth and almost competed with the prices of services, which have been steadily in the lead for six months. It is not hard to find the explanation for this "phenomenon." It is the recent steep fall in the dollar rate. Seeing how the most popular "security" on our domestic market is being devalued and finding no equivalent replacement for it, since at present the government is only declaring the emission of state securities with the same return as

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the dollar and is already lowering the rates on Savings Bank deposits, the population has started investing its "hot money" in consumer durables. The demand has increased, and prices have also increased.

Here is another curious comparison. This time we will talk of the so-called basket of 19 most important foodstuffs, which make up the basis of our weekly purchases. According to data of the Center for Economic Conditions under the Russian Federation Government, the average cost of this basket per person in Russia in June stood at 195,867 rubles [R]. It was highest in Anadyr, Yuzhno-Sakhalinsk, and Petropavlovsk-Kamchatskiy (R578,987, R364,360, and R353,005 respectively), and lowest in Ulyanovsk (R111,237), which is "famous" for the introduction of a food rationing system, and also in Smolensk and Tambov (R147,517 and R140,217).

But, apart from purely "natural" indicators, it is interesting to trace how the very structure of the cost of the goods included in this basket has changed since 1993. Thus, whereas 18 months ago our purses were lightened most noticeably by meat purchases, now meat and dairy products rank approximately equal in the structure of expenditure on food, having let fruit and vegetables come out in front.

Unfortunately, this certainly does not mean that we have started eating more vitamins and drinking more milk — quite the opposite. Since the prices of these products have increased most appreciably in relation to the rest, it is clear that their role in the structure of our nutrition has inevitably diminished. The prices of bread, groats, and pasta, which leapt appreciably in June, are lagging a little behind the "leaders." Yet it is this group of foodstuffs that is occupying an increasingly significant place in the rations of needy people as food prices increase.

Finance Ministry Critical of Dagestan FEZ

MK1807132895 Moscow SEGODNYA in Russian 18 Jul 95 p 1

[Unattributed report: "The President Wants To Create Another Free Economic Zone in the North Caucasus"]

[FBIS Translated Text] The Russian Federation Government has tasked the Finance Ministry with preparing a conclusion on a draft presidential edict on creating a free economic zone [FEZ] in Dagestan. The edict envisions the lifting of customs duties from goods produced in the FEZ for export. Furthermore, industrial goods imported by FEZ subjects to be used in the zone are exempted from the value-added tax. Enterprises with foreign investments operating on the territory of the Dagestan FEZ are granted rebates on the profit tax. According to a well-informed source, the Finance Ministry's attitude to creating a new free economic zone is sharply negative.

Economic Crimes Made Punishable Under New Code

LD1907104495 Moscow INTERFAX in English 0939 GMT 19 Jul 95

[FBIS Transcribed Text] MOSCOW, July 19 (INTERFAX) — A total of 14 new types of economic crimes punishable by either imprisonment or fines are included in the new Criminal Code of Russia, which was approved on the whole by the State Duma on Wednesday. The document was supported by 282 deputies (226 votes needed), nine voted against and four abstained.

In contrast to the current Criminal Code, the new document provides for punishment on the charges of registration of illegal land deals, illegal banking, fake businesses, legalization of money or property obtained in illegal ways, fraud in taking a loan, compulsion in conclusion of or refusal from a deal, illegal actions involving bankruptcy and the like.

A written address from the Interior Ministry, the Federal Security Service and the Tax Police Department was sent to the State Duma stressing that the new Criminal Code unjustifiably mitigates punishment for some types of economic crimes. Meanwhile, Chairman of the Duma Committee for Legislation and Legal Reform Vladimir Isakov, Agrarian faction, noted in his official report that over 80% of sanctions for economic crimes were made more tough in the new Criminal Code.

In the words of Isakov, the new document provides for "more severe punishment for encroachment on the economic security of the state." It increases or leaves unchanged the punishment for acts of sabotage, contraband, production or circulation of counterfeit money and securities and illegal deals with foreign currency under aggravating circumstances.

The new Criminal Code is submitted to the Federation Council.

EU Antidumping Said To Cost Russia $200 Million

MM1807131795 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p i

[POSTFACTUM report: "Russia Losing Around $200 Million a Year Though Antidumping Measures"]

[FBIS Translated Text] Russia is losing around $200 million a year in trade with the EU countries as a result of antidumping measures. The antidumping procedures apply to the sale by Russian enterprises

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of fertilizer, ferroalloys, and ferrous and nonferrous metal products. The "antidumping duty" on Russian goods exported to EU countries has now reached 70-80 and even 100 percent, running into hundreds and thousands of dollars per tonne of goods. The United States has recently implemented seven antidumping procedures against Russia, and the EU had enforced 15 — moreover, a similar policy is being pursued by South Korea and the Latin American countries, Litvyakov [not further identified] noted.

Finance Ministry Provides R200 Billion to Chechnya

LD1807211495 Moscow INTERFAX in English 2028 GMT 18 Jul 95

[FBIS Transcribed Text] Moscow, July 18 (INTERFAX) — Russian Finance Ministry will transfer at least 200 billion rubles to the Chechen budget, under a decision taken at a meeting of the state commission on the restoration of the Chechen economy in Moscow Tuesday.

The Ministry has provided 876 billion rubles for restoration work in Chechnya in this month.

Heads of ministries and departments are to take measures to speed up the works within 10 days, the state commission's deputy head Pyotr Surov said at the meeting. The Finance and Economy Ministries are to work out measures that will ensure the stable financing of the work.

A total of 2 trillion rubles has been provided for the restoration work in Chechnya so far, meeting participants said.

According to Surov, harvesting has begun in Chechnya. A total of 18,500 hectares of cereals has been reaped so far. Some 487 combine harvesters are being used in agricultural works.

A food basket of 19 staple foods costs 187,000 rubles in Groznyy now, said Surov. Its average cost in Russia is 198,000 rubles.

Members of the state commission will leave Moscow for Groznyy on July 24. They are expected to hold a joint meeting with the Chechen government in Groznyy on July 27.

Commission Worried About Low Winter Fuel Stocks

LD1907120395 Moscow ITAR-TASS World Service in Russian 0954 GMT 19 Jul 95

[FBIS Translated Text] Moscow, 19 Jul (BIZNES-TASS) — The Interdepartmental Commission on fuel, electricity, and heating supplies for the autumn-winter season has described the fuel and power situation in the economy in the run-up to winter as critical.

According to commission data made available to BIZNES-TASS, fuel stocks in early July were at a significantly lower level than at the same time last year. Meanwhile, the Russian Hydrometeorological Service is forecasting that this winter will be much harsher than last year. The most alarming situation is in the Far East, which has minimal stockpiles.

The commission instructed Russian Joint-Stock Company Unified Power System of Russia, jointly with Russian Joint-Stock Company Gazprom, State Enterprise Rosugol, and also oil companies and the Ministry of Railways, to take the necessary measures to bring fuel stockpiles at power stations to at least the levels of last year in the third quarter. The commission also decided to ask the Russian Federation Ministry of Finance to expedite the allocation of 1.3 trillion in federal funding for the power sector, in keeping with Russian Government instructions.

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International Affairs

Letter Sent to Yeltsin on CIS Meeting Agenda

LD1807203195 Moscow INTERFAX in English 1816 GMT 18 Jul 95

[FBIS Transcribed Text] KIEV, July 18 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma sent a letter Tuesday [18 July] to Russian President Boris Yeltsin, who chairs CIS summits, asking him to include aid to deported peoples on the agenda of the next meeting, Ukrainian Foreign Minister Hennadiy Udovenko told journalists in Minsk at the end of a visit by a Ukrainian delegation to Belarus.

He explained that Ukraine finds it hard to solve the financial issues in aiding deported peoples and protecting the rights of national minorities.

According to Udovenko, Kuchma and Ivan Korotchenya, CIS executive secretary, discussed at their meeting in Minsk on July 18 the agenda of the CIS summit to be held in Sochi on November 3.

Udovenko emphasized that Ukraine will participate in CIS activities actively and constructively, but the CIS should not transform itself into a new federation or confederation.

He made it clear that Ukraine will be an active member of the CIS economic organization, but this should not result in losing the country's sovereignty.

Officials Pleased Over Chicago OPIC Conference

WS1907085195 Kiev INTELNEWS in English 0508 GMT 19 Jul 95

[By Serhiy Sokolovskiy, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, July 18 — Ukrainian officials are enthusiastic about the outcome of a recent Overseas Private Investment Corporation conference held in Chicago.

"Inclusion of the Ukrainian bloc of questions in the agenda of the conference on investments, held in Chicago from July 11 to 12, could be considered a victory of Ukrainian trade diplomacy," Deputy Foreign Trade Minister Andrey Goncharuk said at a press conference after returning from the United States.

American business circles (ABB, AMOCO, Bank of America, Citibank and about 150 firms from the Midwest) formed a positive estimate of the situation in Ukraine, he said, adding that "America is waiting for continuation of reforms, for stable investment climate and introduction of the national currency — hryvnia."

"The conference gave an impulse to the development of economic relations," Goncharuk said. "We announced possible projects and more than 70 companies became interested in them."

Goncharuk added that a delegation of major businessmen will arrive in Kiev Thursday and Friday to hold talks on cooperation in the field of telecommunications.

"America is the biggest investor in the Ukrainian economy. The official amount came to US$ 87.8 million as of April 1," Goncharuk said. "It isn't a sufficient sum it is increasing. Western European countries are also increasing their investments."

A Ukrainian-American commission on trade and investments will meet in Kiev on July 25 and 26 in order to accelerate this process, he added. The main questions to be considered are expansion of mutual access to internal markets, abolition of antidumping duties against Ukrainian exports, which have reduced exports to less than one-eighth of their previous level, and the hurdles that need to be overcome if Ukraine is to join the General Agreement on Tariffs and Trade.

IMF Delegation Arrives in Kiev

LD1807202895 Moscow INTERFAX in English 2001 GMT 18 Jul 95

[FBIS Transcribed Text] Kiev, July 18 (INTERFAX-UKRAINE) — A mission of the International Monetary Fund (IMF) arrived in Kiev Tuesday. It plans to discuss economic reforms in the country with the Ukrainian government during its two-week visit. The mission will submit the account of its visit to the IMF Board of Directors.

The IMF announced that it would grant Ukraine a 797.84 million SDR (special drawing rights) stand-by loan and 249.325 million SDR more as the loan's second tranche.

The stand-by loan is provided in several tranches and, under a memorandum signed by Ukraine and the IMF, it can be suspended if Ukraine fails to fulfill its obligations.

Reportage on Ukrainian Peacekeepers in Bosnia

Spokesman: Kiev Will Not Withdraw

LD1807130095 Kiev UNIAN in Ukrainian 1230 GMT 18 Jul 95

[FBIS Translated Text] Kiev — Ukraine will not withdraw its peacekeeping contingent from the territory of former Yugoslavia unless the UN Security Council decides to cease the peacekeeping operation completely, Volodymyr Yelchenko, head of the Ministry of Foreign Affairs department for international organizations told a briefing on 18 July.

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He said the Ukrainian peacekeepers could be temporarily withdrawn from the area of combat, since they had been virtually disarmed.

Izetbegovic: No Control Over Muslims

LD1807130495 Kiev UNIAN in Ukrainian 1230 GMT 18 Jul 95

[FBIS Translated Text] Kiev, 18 Jul — Ukraine's Minister of Foreign Affairs Hennadiy Udovenko and Minister of Defense Valeriy Shmarov have received a response from Bosnian President Alija Izetbegovic to their telegram of 17 July in which they demanded an immediate end to hostile action against Ukrainian peacekeepers.

According to Volodymyr Yelchenko, head of the Ukrainian Ministry of Foreign Affairs department for international organizations the Bosnian president told Ukraine's officials that the Muslim attackers were not part of the Bosnian Government forces and were out of the Bosnian Government's control.

Zepa Muslims Threaten To Kill Peacekeepers

LD1807174695 Moscow ITAR-TASS World Service in Russian 1734 GMT 18 Jul 95

[by ITAR-TASS correspondent Ivan Ivanov]

[FBIS Translated Text] Belgrade, 18 Jul — Muslim troops completely sealed off the camp of the Ukrainian blue helmets in Zepa after 1600 (1800 Moscow time) today. According to the UN forces' representative Gary Coward, the Muslim military authorities in Zepa threaten to kill Ukrainian peacemakers one by one until the NATO aviation begins to deliver missile and bomb strikes on Serb positions around this east Bosnian Muslim enclave.

Udovenko Calls For Political Solution

LD1807180695 Moscow INTERFAX in English 1647 GMT 18 Jul 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MINSK, July 18 (INTERFAX-UKRAINE) — Ukraine calls for a political solution to the Bosnian crisis because nothing can be resolved by force, Ukrainian Foreign Minister Hennadiy Udovenko told journalists in Minsk Tuesday [18 July].

He said that the Ukrainian delegation at the London meeting on Bosnia on July 21 will include the defense minister, the foreign minister and the chief of the general staff. An invitation to attend the conference was sent to Ukraine by British Foreign Secretary Malcolm Rifkind. Udovenko said that Ukraine was invited as a country which has sent a peacekeeping unit to Yugoslavia. The meeting will discuss a wide range of issues on future peacekeeping activities in Yugoslavia.

"I was pleased by the invitation to attend a meeting of the contact group," Udovenko said.

Asked about Ukraine's position on the possibility of using rapid reaction forces to liberate the safety areas in Bosnia, he said only that one has to think carefully in advance whether this action will be conducive to resolving the conflict.

Commander of Ukrainian UN Force Captured

LD1807202195 Moscow INTERFAX in English 2003 GMT 18 Jul 95

[FBIS Transcribed Text] Kiev, July 18 (INTERFAX-UKRAINE) — The commanding officer of the blocked Ukrainian company of the UN peace-keeping force was taken hostage in Gorazde in the evening of July 17, after negotiations with the Muslims surrounding the company.

This was disclosed by Volodymyr Yelchenko, chief of the administration of international organization of the Ukrainian Foreign Ministry, at a briefing at the foreign office on Tuesday.

The Muslim command threatens to kill the officer if the Ukrainian servicemen refuse to turn over to the Muslims their weapons, Yelchenko said.

The Ukrainian Foreign Ministry official stressed that the situation in Bosnia's eastern Muslim enclaves of Gorazde and Zepa remains extremely tense. In Gorazde enclave, the Ukrainian and British companies of the UN peace-keeping contingent remain blocked in a school-building, he said. All approaches to the building have been mined.

On top of it, by the morning of July 18, the Serbs have actually captured the center of another Muslim enclave Zepa. "The worst thing about it is that communication has been disrupted since morning", Yelchenko noted. In his words, the Serb offensive was coming from different sides. "Therefore, several check-points manned by Ukrainian servicemen remained surrounded and blocked", the official said.

According to Yelchenko, most of the weapons at the disposal of the company in Zepa are damaged, while a part of the weapons has fallen into the hands of Bosnian Serbs.

The meeting on Bosnia in London scheduled for July 21 is to be attended by foreign and defence ministers

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of France, USA, FRG, Britain, Russia, Canada, Italy, Netherlands, Spain and Ukraine, as well as spokesmen for the command of the NATO and UN forces.

In the opinion of the Ukrainian diplomat, further steps by the UN to settle the Bosnian conflict will depend on the results of the London meeting. The main issues on the agenda of the meeting will be the future of the UN peace-keeping force in former Yugoslavia and its possible actions in the event Bosnian Serbs carry on their offensive against Gorazde. Another issue is that of prospects for resumption of the political process.

Yelchenko believes that circles in the UN "have practically resigned themselves" to the capture of Srebrenica.

In its turn, the Bosnian government has accused Yasushi Akashi, the UN envoy to Yugoslavia, and Torvald Stoltenberg, co-chairman of the international conference, of the fall of Srebrenica and has categorically declined further contacts with them.

National Affairs

Kuchma Says Prosecutor Illegally Fired

LD1807201195 Kiev UT-1 Television Network in Ukrainian 1800 GMT 18 Jul 95

[FBIS Translated Text] Today we received a statement from the press service of the Ukrainian president. The full text of the document follows:

It is well known that on 21 June 1995 the Supreme Council of Ukraine adopted a decision on dismissing Vladyslav Volodymyrovych Datsyuk from the post of prosecutor general of Ukraine.

This decision was adopted in violation of the constitutional agreement signed between the Ukrainian president and the Supreme Council of Ukraine because Section 1 of Article 44 of the agreement stipulates that the prosecutor general of Ukraine is appointed and dismissed by the Supreme Council of Ukraine by submission of the Ukrainian president.

In this connection, on 1 July 1995 the president of Ukraine issued a decree on measures to ensure abidance by the legislation concerning the violation of the Ukrainian law on state power and local self-government of Ukraine by which, having noted that the current legislation had been violated, he instructed Vladyslav Datsyuk to continue to carry out his functions as prosecutor general of Ukraine until the issues concerning the prosecutor general are resolved in an established legislative manner.

On 14 July 1995, the Ukrainian Supreme Council adopted a resolution by which it appealed to the Ukrainian president to revoke the said decree insofar as it contravenes the constitutional agreement and current Ukrainian laws. This conclusion was based on an erroneous interpretation of Part 44 and Clause 19 of Section 1 of Article 17 of the constitutional agreement. It was noted that the said articles set out the procedure according to which both the appointment and the dismissal of the prosecutor general from his post are carried out by the Supreme Council of Ukraine following a submission from the Ukrainian president. Instead, in its resolution of 14 July 1995 on the interpretation of Part 44 and Clause 19 of Article 17 of the Ukrainian law on state power and local self- government in Ukraine, adopted by the Supreme Council of Ukraine on 18 May 1995, the Supreme Council explained that the dismissal of the prosecutor general from his post is implemented by the Supreme Council of Ukraine by submission of the Ukrainian president only if the prosecutor general of Ukraine was appointed to his post by the submission of the Ukrainian president. This explanation contradicts the basic principle of law under which juridical relations should be subject to laws that are current at the time that these juridical relations are regulated which in this case is the constitutional agreement.

In addition, the Supreme Council resolution on the interpretation of the norms of the constitutional agreement completely lacks authority because the Supreme Council's right to interpret juridical relations only applies to laws it has adopted itself and not to bilateral agreements such as the constitutional agreement. The attempt to interpret the law on state power and local self- government in Ukraine not as a constituent part of the constitutional agreement but as a separate law adopted by the Supreme Council on 18 May 1995 is completely groundless as this law was not implemented in the established manner. This is precisely why there was a need to conclude the constitutional agreement.

The Supreme Council decision to suspend the powers of the prosecutor general's collegium in full is not based on law either since neither the constitution nor current Ukrainian laws invest the Supreme Council with such powers. Leaders of public associations of lawyers have also pointed out the illegal nature of the resolutions adopted by the Supreme Council. One cannot but mention the fact that the adoption of such decisions that lack authority took place in a chamber that was half empty where some deputies voted in place of others in violation of parliamentary regulations. Many of those who registered on that day and who supposedly voted for the decision were in fact not present. Some were even abroad, in hospital, or in constituencies. Clearly, such decisions by the Supreme Council are not conducive to constructive interaction between the legislative and executive powers, can only

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lead to a new confrontation, and can destroy the process of consolidation of society in a difficult time for our state.

Accomplishments During Kuchma's Term Detailed

WS1907074695 Kiev URYADOVYY KURYER in Ukrainian 8 Jul 95 pp 1-2

[Article by Oleh Oliynyk: "One Year Like Two"]

[FBIS Translated Text] **On 10 July, a year will have passed since Ukrainian citizens favored Leonid Kuchma in early presidential elections.**

He became the first president to assume the mission of a reformer. He was doomed to initiate changes in our country's sociopolitical life and accelerate developments.

Already being a mature man, he has to go through the evolution from a "red director" to the leader of a large European state, in which the monumental "Das Kapital" is becoming covered with dust, while the real capital is flexing its muscles. Similar changes do not proceed smoothly, and we could observe how the Ukrainian electorate's mood has been oscillating over the past year.

The industrial East, tired of waiting for economic revival, has roared again, accusing the president it elected — Leonid Kuchma — of reneging on his preelectoral promises. As [Presidential Administration Head] Dmytro Tabachnyk predicted, however, the West and the center are demonstrating more and more confidence in the president, and are receiving his plans for market reforms with understanding.

This can be confirmed by the results of a recent poll conducted among the Kiev residents, whose moods can be considered corresponding to those of a majority of Ukrainian citizens. According to the conclusions drawn by researchers from the "Democratic Initiatives" center, if presidential elections were held today, 40 percent of Kievites would vote for L. Kuchma, regardless of their nationality.

We know, however, that only time provides the final assessment of state officials' activities. We hope that President L. Kuchma still has some time, according to all constitutional norms. The Ukrainian state will simply not survive another early elections.

In this regard, we can cite one of the first political experts in history, Niccolo Machiavelli, who said that a ruler, particularly a new one, cannot adhere to everything for which people consider him a good man, since he often has to act against his word, pity, kindliness, and piety to protect his state, meaning to not divert from the good as much as possible.

Machiavelli's wards seem to be bitter, or even cynical, particularly for us, who have become accustomed to hearing about "everything in the name of the individual, and everything for the good of the individual," and all the more so for the 14 million Ukrainian pensioners. Namely they, who survived the war, famine, and the "building of the ideal society," are the ones who are suffering in the new Ukraine.

A majority of them may simply not live long enough to see the increased social orientation of economic reforms, about which President L. Kuchma speaks. Similar balancing on the verge of poverty and survival, however, has already become a political rather than demographic factor.

The arguments presented by monetarists that foreign debt must be repaid and inflation curbed are, of course, quite weighty. Can one, however, fight for financial stabilization using methods draining our pockets? Has the talk about Ukraine as a bankrupt country not lasted too long?

Let us compare the following data. The Russian Federation's foreign debt is $120 billion, and in Poland it once amounted to $30 billion. Ukraine's foreign debt, however, amounts to $6-7 billion, which, given its export potential of $15 billion, should not be considered anything extraordinary and threatening, or something that provides grounds to maintain a minimum wage 10-times lower than those in a majority of postsocialist countries.

Incidentally, our average "tourist-negotiator" leaves $81 per day in Poland (Russian tourist — $88, Belarusian — $74, German — $53, and Czech — $36). This confirms even further that a significant amount of hard currency is circulating in Ukraine, which still cannot gush into the state's unified financial system, and is increasing the social differentiation of the population.

Professor A. Halchynskyy, Ukrainian presidential adviser for macroeconomics, believes that inflation is not being generated by wages in our country. Just the contrary, a wage increase is a key factor in overcoming the payment crisis and stimulating solvent demand, and thus production, and it represents stable revenues coming to the budget, the Pension Fund, and the Chernobyl Fund, and the restoration of incentives for productive work.

Moreover, the further maintaining of most people's incomes at the level of $10, $20, or $30 is a Bickford fuse under the foundation of statehood, and may ruin everything the president and his team have managed to achieve while reforming the structure of state power, as well as in foreign relations.

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The world, and particularly Europe, have noticed Ukraine, and recognized it as an independent geopolitical factor. L. Kuchma's visits to the United States, Canada, Japan, Italy, and the FRG — all G-7 members — confirmed support for his course toward reforms, and elevated Ukraine to a new level of international partnership. By disposing of the nuclear burden and laying a foundation for new socioeconomic relations, Ukraine is further acquiring attractive features of a civilized and consistent state, though sometimes too cautious. "Ukraine has started to extricate itself from chaos, and has recently improved its chances of becoming a genuinely independent state," THE ECONOMIST states. Western partners have been particularly impressed by the fact the President L. Kuchma finally managed to overcome resistance from supporters of the old "Soviet" system of state administration, and concluded the Constitutional Accord with parliament. The executive branch, which in principle has the priority in reforms, has received additional levers of influencing the situation. The new government, formed just at the end of the first year of President L. Kuchma's work, has all grounds to achieve positive breakthroughs.

Ukraine proclaimed independence, at the same time as Western Europe wants to preserve the stability of its wealth and prosperity, and Russia is again searching for its own "third path." An era of international economy and national borders is approaching. Ukraine is entering this developed world, trying to develop an integral national idea and norms of public unity.

We have yet to abandon our countryside manners to build our houses at the edge of a village, believe neither in state nor our own future, toil sparing neither ourselves, nor land, nor water, and are happy with every penny.

Sending 500 Ukrainian students with state grants to the world's best universities will perhaps become one of the first steps along this path. (Japanese said "Let us search for knowledge all over the world!" as far back as 150 years ago).

This is perhaps the symbolic conclusion of the first year of President Leonid Kuchma's work.

State Duma Stance on Crimean Issue Condemned

AU1807104695 Kiev MOLOD UKRAYINY in Ukrainian 14 Jul 95 p 1

[Report by Bohdan Kushnir, MOLOD UKRAYINY special correspondent, from Moscow: "We Will Meet at the International Court?"]

[FBIS Translated Text] Four years of pulling the Crimean strings have not produced any results. Attempts to tie Ukraine to Russia with the [illegible] of the Sevastopol bridle have failed. Kiev has remained outside Moscow's imperial encroachments, has remained nonaligned, and has not established a military-political coalition with the northern neighbor. As the former superpower is losing control over the peninsula, nothing helps — neither the political pressure, nor the threat of force, nor the zone of puppet regimes created by special services — and the adherents of great-power aspirations are becoming increasingly restless.

The State Duma appeal to the Russian Constitutional Court was to become yet another turn in the Crimean spiral. As before, it was K. Zatulin and his CIS Affairs Committee that initiated the new step in the confrontation between the two countries. They proceed from an assumption that the Constitutional Court must have its say on the status of Sevastopol, which is "in Ukraine de facto, but, de jure, has not yet been lost for the Russian Federation."

The Crimean problem, or explicitly, the territorial claims upon Ukraine on the part of some Russian parliamentarians, was supposed to shift to the legal sphere. In accordance with the scenario, the lower house had to adopt, at its plenary session, an appeal to the Constitutional Court. Following a positive resolution of the problem, Russia would appeal to the International Court in the Hague with a demand that "the pearl of Russian glory be returned" to it.

"It seems to me," said K. Zatulin, "that various decisions may be adopted during negotiations. Including those stipulating that Sevastopol is lost and remains within Ukraine. However, any decision must be reasonable."

The ambiguous statement by the chairman of the Duma Committee before the lower parliamentary house may be interpreted as nothing but a further attempt at blackmail. Either Ukraine makes concessions on fundamental issues or we will meet at the International Court....

It is already common knowledge how the Duma scenario collapsed. The deputies were three times requested to vote for the insane proposal that a revision of borders be initiated and that the demand be raised to return at least Sevastopol if not the entire Crimea [to Russia]. The third time, the voting was even on an individual basis. All three times there were not enough votes. In the most recent voting, the proposal was rejected by just a five vote majority. The deputies had been subjected to enormous pressure, yet the undertaking failed. However, there is no guarantee that the deputies will give up their attempts, given a favorable situation in the Duma. I would not discuss the recent parliamentary blackmail, had it not been for a significant detail. At the demand

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of the initiators, the latest voting was on an individual basis. Therefore, we have an excellent opportunity to see who's who among Russian politicians.

To begin with, 14 deputies, mainly from "Russia's Choice" [Yegor Gaydar's party] openly opposed Zatulin's escapade. This reveals moods prevailing in the fifth Duma. A majority of the deputies did not even take part in the voting. Among the well-known Russian Democrats, Yegor Gaydar alone had the courage to say "no" to conflicts with Ukraine.

No less prominent Democrats voted in favor of a political court of law: Alla Gerber, Stanislav Govorukhin [film director and nationalist leader], Mikhail Lapshin (head of the Agrarian faction), Yekaterina Lakhova (head of the "Russia's Women" faction), Gennadiy Zyuganov (head of the Communist Faction), Anatoliy Lukyanov [former Soviet parliamentary speaker, presently member of the Communist faction], Mikhail Poltoranin [chairman of the State Duma Committee for the Press], and cosmonauts Sevastyanov and Titov. Even former resident of Vinnytsya [in Ukraine] Anatoliy Kashpirovskiy [a well-known psychic] wanted to bring Russia and Ukraine together at the International Court. Not to mention such odious figured as Zhirinovskiy, Nevzorov [extreme nationalist journalist], Zatulin, or Marichev.

Whenever it is a matter of Ukraine, "Russian Democrats" forget about democratic values, because they are still unable to picture our country as an independent state. They look upon Ukraine as a subservient colony if not a part of Russia. People in Russia are not yet psychologically ready to accept a different role for independent Ukraine. In the past, the czarist empire had ignored Poland for decades, but that did not prevent the Poles from building their own state and beating Russia, despite its rich raw-materials base, economically. However, the Poles have always been Poles first and then also Communists, Socialists, Liberals, Democrats, Catholics, or Orthodox believers. Unlike the communist majority in the Ukrainian parliament. The [Ukrainian] Communists just cannot do without Moscow directives.

The Ukrainians may now refer back to yet another lesson — that of Belarus. The boundary posts were removed, and that was it: Nobody is in a hurry to receive with outstretched arms those who surrender to the mercy of conquerors. What do we have now? Total disregard for the interests or opinions of Belarusians. Russia's top leaders started ignoring Belarusian President Lukashenka. The former state farm director is now perhaps only able to pay official visits to leaders of Russian provinces. Just recall the Belarusian leader's recent trip to St. Petersburg and his meetings with Mayor Anatoliy Sobchak. Is it really essential for the leader of an "independent" state to go to St. Petersburg just to sign an accord on supplying the city with Belarusian potatoes and meat and to recommend that the mayor run for president in the forthcoming elections?

How can one expect mutual understanding from a state in which 50 percent of the parliament want to initiate an international trial against Ukraine on territorial issues? Will Russia show understanding if even its elite does not want to see Ukraine independent?

It is no secret for anyone who has been shaking the Crimean peninsula over the last four years. The Russian capital and the Russian special services. It is needless to mention politicians such as Konstantin Zatulin. Incidentally, when it came to sacking [in connection with the events in Budennovsk] General Stepashin, director of the Federal Security Service, that same Zatulin was among the first to have come to his defense. Following the tragedy [in the Crimea] in which several persons perished, that same Zatulin, who had probably put in the greatest amount of effort to turn the Crimea into yet another "hot spot," commented with unconcealed cynicism: "In Russia, people only feel bitter and frustrated that the worst predictions regarding the repressive [repressivnyy] peninsula are beginning to come true. It is perfectly clear that there are Ukrainian leaders (whom I would by no means like to identify with the entire Ukrainian nation) who, in their cynical attitude toward the Crimean events, have overstepped the limits of what is legal. Otherwise, there is no explanation for the fact that, right before our own eyes, the flourishing peninsula first became devoid of civil rights and then found itself governed by the mob.... It is time for the Ukrainian leadership to ponder over what the attempt to create a fifth column out of Crimean Tatars leads to."

This is the Russian policy both in words and in deeds. Who actually created the fifth column in the Crimea? There is nothing sacred for them, just their personal interests.

In words: "We are a single Slavic nation and we must keep together."

In deeds: Unless Ukraine obeys us, we will get Sevastopol back through the trial in the Hague and will close the tap.

After all, there has now appeared one positive aspect in our relations with Russia. Following the events in Chechnya, fewer and fewer people are willing to brandish weapons.

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Defense Official on Relations With NATO

954F2738A Kiev NEZAVISIMOST in Russian 5 Jul 95 p 5

[Interview with Lieutenant Colonel Aleksandr Kluban, press secretary for the Ukrainian Ministry of Defense, by Gennadiy Korzh; place and date not given: "NATO: A Special Look at Ukraine"]

[FBIS Translated Text] A scheduled meeting of the North Atlantic Cooperation Council, in which a Ukrainian delegation headed by Vice Premier and Minister of Defense Vitaliy [as published; first name should read Valeriy] Shmarov took part, was held not long ago in Brussels. We asked Lt. Col. Aleksandr Kluban, press secretary for the Ministry of Defense, to comment on the event.

[Korzh] What are the special relationships between Ukraine and NATO that were referred to in Brussels?

[Kluban] I would prefer to speak about the special view of Ukraine as a participant in the "Partnership for Peace" program. In all probability, it was determined first of all by features of the individual program for Ukraine's participation in the "Partnership." Every state acting within the framework should have a similar program. Ukraine was one of the first, and its presentation will take place soon. Moreover, our country's consistent position with respect to the "Partnership for Peace" program and its thoughtful consideration of NATO as a whole made it possible to shape this special view. After all, by holding a position of neutrality, Ukraine is not rushing into NATO and at the same time, it refuses to join the Tashkent Treaty. By remaining a non-bloc state, our state is pursuing a policy of rapprochement with European structures. The balance of forces is improved in this way; after all, we are interacting quite fully with the CIS structures. In a word, a special feature of Ukraine in the international arena is the fact that it is not running to extremes, and this is justified. As an influential European state, Ukraine's inclination toward one center or another in the alignment of forces will promote even further polarization of the situation on the continent.

Ukraine has a very serious attitude toward the "Partnership." We are taking part in all the NATO measures within the framework of this program: in conferences, seminars, exchanges of delegations, and exercises—in Poland, the Netherlands, on the Black Sea, and on the Yavorivskiy range facility (together with the Americans). The plan includes multinational exercises in the United States and exercises with Ukrainian and American marine subunits on a range in Nikolayev Oblast. I will note that the individual program for Ukraine's participation in the "Partnership" is scheduled for two years and includes a sequence of 50 measures in which significant forces and equipment will be involved: an airmobile battalion, an engineering company, and a civil defense brigade.

Speaking at the meeting of the Council for North Atlantic Cooperation, Valeriy Shmarov set forth his view of further development of the "Partnership in Peace" program. He proposed bilateral cooperation within the framework of this program. Development of this initiative will promote stabilization of conditions in the region—most of the partners are neighbors, after all. Add to this the increase in trust among these states. A third side, that is NATO, will also exert substantial influence on the development of relationships.

[Korzh] In other words, in the hypothetical case of aggravated relations between Russia and Ukraine, members of the "Partnership for Peace" will be able to act as "a third judge." Although when armed conflict broke out between NATO members Greece and Turkey, intervention by NATO failed....

[Kluban] You are right. A universal formula for security does not exist at all, apparently, but an extra opportunity for negotiations will never hurt. This initiative by Ukraine was approved not only at the plenary session but in the council lobbies during bilateral meetings.

[Korzh] All the same, it seems to me that Ukraine's participation in the "Partnership for Peace" program contributes to destabilization of the balance of forces that has already taken shape in Europe.

[Kluban] You will agree that the nature of NATO is changing. This organization is being transformed from a military and political organization into a political and military one. In the event of crises, priority is given to political methods, not military ones. Discussion from a position of strength is deferred.

[Korzh] But what about NATO air strikes against Bosnian Serb positions and their eyes being closed to aggression by the Croats, the Bosnian Croats, and Bosnian Muslims?

[Kluban] NATO considers these bombing strikes necessary, but Ukraine's view of them was expressed in Brussels by Valeriy Shmarov. He stated: NATO has not exhausted all its opportunities for a political settlement. After all, the hostages ultimately were freed through the diplomats' efforts. Ukraine does not approve of the use of force by the world community in the Balkans. This would only aggravate the conflict.

[Korzh] When we visited NATO about two years ago, it was surprising how little individual members of this

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organization knew about Ukraine's problems and they tried to lecture us at the same time. Considerable effort was required to change the tone of the discussion, I recall. What were your feelings this time?

[Kluban] While they knew little about Ukraine, many Western politicians were under the influence of Russian propaganda. Now they are traveling to us and they have gotten to know us better, but at that time.... Although not much time has elapsed since then, major changes have taken place, all the same. Ukraine has demonstrated consistency with its peaceful foreign policy. It is honestly carrying out all the commitments it has made: on the elimination of nuclear weapons and reduction of conventional arms in Europe. We are taking part in efforts to keep the peace in the former Yugoslavia. We now have as sizable contingent—1,200 people. By the end of the year, an increase to 1,800 is planned. This will take place at the United Nations' request. The point is that Ukrainian servicemen in Yugoslavia have demonstrated their high professionalism and their ability to act in a difficult situation and thereby support the state's authority.

Bear in mind that with all its economic hardships, Ukraine continues to be a politically stable state, and its foreign policy remains unchanged despite the change in leadership. It is not without reason that Ukraine's minister of defense stated at the Brussels meeting that our state is striving to emulate the Swedish model of neutrality.

In recent years, Ukraine has spoken of itself as a European state, as a generator of a peace-loving policy, and as a large and stable country with powerful armed forces.

[Korzh] One of the main questions discussed in Brussels was the state of affairs in the former Yugoslavia.

[Kluban] Yes. Ukraine is far from indifferent to the situation in the Balkans, which is not so far from our own borders. Our view is that force should not be used and a political settlement should be sought. Yes, now the hostages have been released, but where is the guarantee that hostages will not be taken again? The security of our citizens acting in UNPROFOR [United Nations Protection Forces] has to be ensured by political means exclusively. Some people are now counting on rapid reaction forces (RRF). States have the right to decide for themselves how to proceed if the situation worsens, of course, but do not forget that even the presence of a rapid reaction force may provoke one of the sides (and these forces are obviously aimed against the Bosnian Serbs). Ukraine does not intend to include its servicemen in these forces. Our contingent in the former Yugoslavia will be increased exclusively through the peace forces. A Ukrainian helicopter squadron and an engineering battalion will be sent there in the near future.

Communists Address Open Letter to Kuchma on Distortions

LD1807174195 Kiev UNIAR in Ukrainian 1530 GMT 18 Jul 95

[FBIS Translated Text] Kiev — According to a UNIAR correspondent, Petro Symonenko, first secretary of the Communist Party of Ukraine [CPU] Central Committee, and Kateryna Samoylyk, secretary of the Central Committee, have prepared an open letter to President Leonid Kuchma on the first anniversary of forming the Communist faction in the Supreme Council since Kuchma was elected president. In the opinion of the Communist Party members, the appearance of the letter may be explained by the fact that the president is distorting the CPU's position in his interviews and speeches.

The appeal notes: "Although you, Mr. President, cannot deny that it was precisely the votes of the Communists and their supporters which proved decisive in your election to the post of president, and although the voters who supported you, Leonid Danylovych, expected decisive actions, there is a lack of practical results. Moreover, you and your entourage have forced the Supreme Council to sign the constitutional agreement, and in doing so ignored the constitutional principles of our state. Nothing over the last four months has prevented you from forming an effective government."

The members of the CPU have proposed that the president:

— Financially support enterprises capable of manufacturing competitive goods;
— channel foreign credits exclusively toward new technologies, outlaw the circulation of foreign currency in the state, prevent the dissolution of collective farms and the transformation of land into a commodity, drastically cut the size of the state's administrative staff [passage indistinct].

The letter concludes by stressing that the Communists have never been enemies of the people and are ready to cooperate with all political forces which intend to conduct reforms in the name of Ukraine's development.

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Government Looks Into Crimean Tartars' Situation

LD1807221095 Moscow ITAR-TASS World Service in Russian 2101 GMT 18 Jul 95

[By ITAR-TASS correspondent Lev Ryabchikov]

[FBIS Translated Text] Simferopol, 19 Jul — Conclusions drawn by the commission of the Ukrainian Cabinet of Ministers for investigating the causes and consequences of the Crimean Tartars unrest in eastern Crimea in June have not yet been made public. However, some of the conclusions have become known to ITAR-TASS from sources at the mejlis of the Crimean Tartar people.

In particular, the commission notes that the repatriation process "has transformed into a spontaneous return process under difficult economic conditions, with great difficulties in getting the deported settled down and integrated into the society." In order to house only those Crimean Tartars who have already returned to the peninsula 108 trillion are required, whereas this year only 1 trillion Karbovantsi are to be disbursed to this effect. With such funding it will take 100 years to implement the program to settle the deported.

"The Crimean Tartars are much worse off than the rest of the population," the commission's documents say. Many jobless Crimean Tartars "are forced to commit petty larceny from the fields of collective farms." This facilitates crime-generating tendencies among the deported.

In conversations between members of the commission and residents it transpired that people tend to believe rumors rather than official information. In some settlements of the repatriants the situation is so tense that conflicts may emerge any minute, and there will not be an opportunity to inform the bodies of power of these conflicts because many settlements do not have telephones and police precincts.

The commission came to the conclusion that the Crimean legislature should be brought in line with the Ukrainian laws and that riot police units should be formed there. It has also been recognized that it is necessary to tackle the issues of citizenship of the deported and to determine the legal status of the mejlis of the Crimean Tartars.

Marchuk Orders Inquiry Into Use of Force at Funeral

LD1807210695 Moscow Radiostantsiya Ekho Moskvy in Russian 1940 GMT 18 Jul 95

[FBIS Translated Excerpt] Ukrainian Prime Minister Yevheniy Marchuk tonight began an extraordinary meeting in connection with the situation around the funeral of Patriarch Vladimir of the Ukrainian Orthodox Church. [passage omitted]

According to Ukrainian Interior Minister Yuriy Kravchenko, Prime Minister Marchuk charged the prosecutor general with the task of conducting an internal investigation into the matter. According to Kravchenko, the heads of the Interior Ministry did not give orders to use force. The casket with Vladimir's remains has been left in an uncovered grave near the entrance to the Sofiyskiy Cathedral. [passage omitted]

Militia Says Clashes 'Prepared in Advance'

LD1907091095 Kiev UNIAN in Ukrainian 1955 GMT 18 Jul 95

[FBIS Translated Text] Kiev — "We consider and can confirm that the clashes between believers and the Berkut [special purpose militia] detachments had been provoked and prepared in advance," Mykhaylo Korniyenko, head of the militia's administrative services of Ukraine's Ministry of Internal Affairs, said on 18 July.

Korniyenko told UNIAN that a meeting had been held on the morning of 18 July between Internal Affairs Minister Yuriy Kravchenko and Metropolitan Filaret of the Ukrainian Orthodox Church, Kiev patriarchate, at which the latter agreed that the place of burial should be the one chosen by the government, the Baykovo cemetery or the area of St. Volodymyr's Cathedral. In connection with this, the Kiev state administration and the Ukrainian Ministry of Internal Affairs chose a route for the funeral procession through Shevchenko Boulevard and Volodymyr Street to St. Volodymyr's Cathedral.

However, according to Korniyenko, the religious community broke this agreement and attempted to take the body of Patriarch Volodymyr from Shevchenko Boulevard to Khreshchatyk then to the Sofia Cathedral in order to bury him there.

Korniyenko confirmed that "provocateurs attacked members of the Berkut detachment and "there was an attempt to storm the Sofia Cathedral" which was repulsed by the militia.

Korniyenko said that the militia had carried out the instruction to maintain public order issued by the government. "If the Cabinet of Ministers chooses an alternative burial site for the patriarch, we will carry out our duties there," he said.

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Rukh Issues Statement Condemning Clashes

LD1907095195 Kiev UNIAR in Ukrainian 1810 GMT 18 Jul 95

[FBIS Translated Text] Kiev — The People's Movement of Ukraine [Rukh] has issued a statement concerning the events that took place in Sofia Square. It says: "The People's Movement of Ukraine considers these actions to be provocative and aimed against the consolidation of Ukrainian society. We demand that the provocative actions are halted immediately. His holiness the patriarch should be buried within the walls of St. Sofia Cathedral in accordance with his status and merits.

"We hope that the Ukrainian president and prime minister will adopt all necessary measures to find and punish those officials responsible for the provocations."

This was reported by Rukh-Press.

Economic Issues

IMF Mandated Course Criticized

954K0639A Kiev MOLOD UKRAYINY in Ukrainian 4 Jul 95 pp 1, 3

[Interview with Yuriy Mykolayovych Pakhomov, director of the Institute of World Economy and International Relations and presidential adviser, by Mariya Hromovytsya under the rubric "Topical Interview"; place and date not given: "'We Have No Right To Be a Backward Country!'"]

[FBIS Translated Text] [Hromovytsya] Yuriy Mykolayovych, you head an institute, the subject matter of which encompasses the most important aspects of social existence: the world economy and international relations. Every thinking individual understands that the life of the state is inconceivable without the harmonious integration of the state into the planet's economic process. In light of this, we would like to know your candid opinion about Ukraine's prospects in the dynamics of these processes.

Are the developed countries genuinely interested in seeing Ukraine also become a developed and wealthy country?

[Pakhomov] It is difficult to answer this question unequivocally. On the one hand, Ukraine is important to the West as a buffer and counterweight in its relations with Russia. There is also no doubt that the United States and Western Europe want Ukraine to be a democratic state with a market economy. This much is certain. But this unambiguousness does not go beyond this general position. The rest consists of games—if we are talking about economics—that have to do with potential competition.

Considering our actual state, one might well ask: Do we really pose a threat to the highly developed countries? After all, we are not China or Japan, nor even Russia.

Generally speaking, if our current economic "disarray" continues, our "safety" will become a reality. But, for the time being, the Western partners are cool and distrustful with respect to the final outcome. For example, the United States gives Mexico, which North American capital assimilated long ago, $52 billion forthwith. Ukraine, on the other hand, is thrown a billion or two, and that with long delays. Despite the fact that the capital that has flown Ukraine, the amount of which is many times greater than these handouts, has now been benefiting the economy of the West for more than three years.

It is not so much a matter of indifference as a matter of real interests. The West needs Ukraine as a market in which to sell its own goods and as a repository of dirty and harmful industries (metal industry, high-tonnage chemical industry). "Ideally," Ukraine should have the appearance of a bare-boned raw-materials skeleton that has the necessary infrastructure.

Naturally, the West is not a uniform entity. Foreign investors might be interested in manufacturing their own products in Ukraine, especially as the costs are paltry (and not only because of beggarly wages) and the workers are skilled. However, in the first place, the inflow of investments is hampered by the instability provoked by the West itself (after all, neither Japan, nor China, nor other countries allowed liberalization at the outset of reforms when there was a lack of competitive products), and secondly, the danger of transforming Ukraine's industry into a competitor is making itself felt. One striking example—the countries of Southeast Asia, insignificant until recently, have now proven worthy competitors even for the United States. Whereas until recently, Ukraine appeared out of reach to such countries as Thailand, Taiwan, or Indonesia. Obviously, Ukraine had every chance to rapidly become a first-class country, able to press the West with its products. Had not the mechanism of self-collapse that works in a self-regulating mode been put into motion at the recommendation of the West. Today, when this process has gone a long way, it is very difficult to switch this mechanism to another reforming mode. And impossible, if we are to talk of a brilliant market result.

Nonetheless, despite the fact that we have been completely crushed, the West blocks all our competitive products. The underlying motivation is often not high-level politics, but ordinary competition among compet-

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ing firms. All the niches, except for raw materials and semimanufactures, are filled, and it is not in the rules of the market to forego profits.

[Hromovytsya] Why do the leaders of our state attach such significance to the loans from the IMF and other international institutions? Are these loans so important and essential to Ukraine?

[Pakhomov] Clearly it would be desirable to avoid such dependence. Loans and interest have to be paid back, but this is not the main thing. The additional conditions imposed by the IMF are ruinous to highly industrialized countries, and in particular to their scientific-technical potential. If the IMF's requirements were met, the social consequences would prove fatal. It is quite another matter that, as a rule, countries like ours are able to discern the harmful consequences and not fulfill the conditions to the letter. Consequently, the credits will fall short accordingly. This is why there is widespread disillusionment regarding Western aid, including on the part of such supporters of "shock therapy" as J. Sachs and Czech Prime Minister Vaclav Klaus.

But we are too weak to refuse assistance. Nor are we able for the time being to stop the flight of our country's capital abroad or attract foreign investment. To solve these problems, it is necessary to ensure stability first.

Moreover, not one-sided stability, as the IMF methods envisage, but all-round stability throughout the economy as a whole. Whereas the attainment of the type of stability that meets IMF criteria (that is, monetary stability) serves as a kind of trap for a country like Ukraine. The causes of Ukraine's troubles (in contrast to such countries as the Czech Republic and Poland, for example) lie less in monetary sources of growth than in a serious production- technological disequilibrium and in the difficulties involved in maintaining the scientific-technical potential and the highly developed intellectual sphere.

Monetary stabilization, which is achieved by tightening the money supply, in Ukraine results in a general decline and paralysis of production, a crisis of nonpayments, crashes in trade, and a falling living standard. Society either follows the path of engaging in an unwarranted destruction of the economy, or it increases (in defiance of the IMF) the money supply, thereby falling into a fresh trap of inflation.

Plunging from one danger into another (the shock liberalization in 1992 provided the necessary push), the country is sliding downward, falling into cycles of endless impasse.

[Hromovytsya] Why did we yield to the temptation to accept the IMF model?

[Pakhomov] Because our understanding of the values of the Western world boiled down to full stores. We did not give any thought to the fact that there are various processes under way behind the external glitter in Germany or Bolivia, for example. And we did not know that West Germany (like Japan, China, and others) had followed a path to achieve high living standards that was not compatible with the recommendations of the IMF. And if some did know this, no one listened to them. We were determined to become France instantly. Especially as our fashionable domestic "reformers" assured us that happiness was near at hand. Indeed, the fastest way to achieve the illusion of this kind of life was through the liberal-monetaristic model—that is, the IMF model. The instantaneous liberalization of prices in 1992, as well as other changes of equal value made during that period totally fulfilled IMF requirements, as well as the dreams of our own philistine: He got stalls filled with Western plenitude!

At the same time, the emergency brake had been removed. Meanwhile, the train was hurtling down a slope!

[Hromovytsya] Let us return to the sources of growth. Ukraine is a rich country. Perhaps we should consider the possibility of getting along without Western investments? After all, this will once again create dependence on foreign countries.

[Pakhomov] Wealth is a relative thing in today's world. It is possible to have enormous natural wealth and be a country of beggars. Africa offers countless examples of this. The reverse can also be true; countries that have no natural wealth whatsoever can flourish. Japan is not the only example of this latter circumstance.

The greatest wealth in today's world consists of advanced scientific breakthrough technologies and new products based on these technologies. Those who outstrip others in this respect, skim off the cream: They take a share of the world's total pot of profits that exceeds what they put in into production. On the other hand, those who simply reproduce new products in quantities lag substantially behind in terms of their ability to grow rich. In last place are those who are not involved at all in the production of new products, those who specialize in raw materials and semimanufactures. The only exceptions are a few countries with fantastic per capita wealth. But in order to stay afloat, they, too, invest their profits in science, education, and modern technologies.

Let us return to the question of what constitutes Ukraine's greatest wealth. Contrary to archaic beliefs, it is not our chernozem. Nor modern technologies; these rapidly grow obsolete, and there is no renewal at all in an unstable environment.

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What we are left with as a hope for the future is our scientific-technical intelligentsia. As long as it exists, all modern technologies are accessible to us as long as we have people to master them. The disappearance of the intelligentsia—if the pseudomarket bacchanal continues—is not very far off. This loss will be irreparable, inasmuch as a break between generations per se in both science and engineering is fatal. Investments will flow in, technologies can be bought, but all this is worthless if there are no competent workers. If we look to Japan and the new industrialized countries of Asia as an example, we will find that they attached great importance during recent decades to the training of technical personnel.

Incidentally, the inflow of foreign investments, should we improve our market climate, does not at all mean dependence on foreign states.

Capital that arrives in the form of investments is already largely outside government control; it acts as private capital. Investment streams flow unhindered over the entire globe and recognize only a single controlling agent: the guarantee of profitability. Often this capital is also not subject to the control of banks.

But all this does not mean that it involves no danger. On the contrary, in the event that it is the least bit dissatisfied, this capital is capable of ruining even powerful countries (we need only recall how three or four years ago G. Soros brought England to its knees). At the same time, having come into a country, foreign investments become its allies. They are capable of performing an economic miracle. But for this to happen, the country's economic conduct must be such as to promote this.

[Hromovytsya] Does not the fact itself that capital is separate from states and from nations on a world scale alarm you? The majority of today's developed countries in both the West and East are socially oriented states, states in which there is social partnership. Will the independence of capital not undermine this aspect of progress?

[Pakhomov] Unquestionably, this is a real danger. There already exists, especially in Western countries, a perception that the globalization of capital is undermining the foundations of the so-called social contract. On the one hand, the masters of world capital, who are independent of everyone, are creating new jobs. On the other hand, they are completely rejecting budgets that contain social spending. The strength of countries is being sapped. Suffice it to think of Sweden and other so-called "social welfare" states; these countries are not able to act as they did before; they are being forced to cut social programs.

For the time being, all these things are only symptoms. But in the future, if the tendency to disregard social factors continues to grow, this will threaten the vital capacity of European civilization. Let me remind you that it was increased socialization that gave capitalism its second wind in the thirties.

[Hromovytsya] Let us return to the question of wealth as you interpret it, that is, to the scientific-technical potential. Many countries do not have this potential, but they manage to live somehow. Perhaps we, too, should do without this component and rely on something else, inasmuch as the existing situation is largely unconducive to scientific-technical solutions!

[Pakhomov] No! We cannot give up. We must not surrender at a decisive time. The model that "consumes" intellect as a first course brings with it a chain of other destructive factors.

But this is not the only consideration. To reject one's own scientific-technical potential is a step that is anything but safe. In a country like ours, where there exists a powerful scientific potential, to demonstrate this potential requires large outlays of money, which the country lacks. However, should a chaotic collapse begin, there will rise a threat of dangerous technological catastrophes.

Nor is it a simple matter for society to renounce its human scientific-potential. He who destroys it will be cursed by future generations.

In addition, scientific and technical creativity is an important component of our culture. Only culture can counteract the egotistical self-interest and materialism that the commercialization of our life brings with it. In contrast to West Europeans, and even more so to the inhabitants of the countries of the East, we do not have immunity against the ruinous effect of commercialism on morality. Today we all understand that we are defenseless against the market invasion for the additional reason that our cultural, creative, and spiritual values are in a state of paralysis. Members of the scientific, cultural, and technical community are no longer held in prestige and their values have been eroded. It is also deplorable that some of our authoritative cultural figures were the first to join in the vulgar market bacchanal.

A country may have no intellectual stratum and nothing terrible will happen. But it cannot rid itself of its intelligentsia with impunity, yielding to utilitarian considerations. The end of the intelligentsia as a whole, and the scientific-technical intelligentsia in particular, will sooner or later boomerang terribly.

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It is stupid to push the intelligentsia out the back door in an age when the world increasingly relies on it. Such an act will unquestionably lead to political and social chaos and general degradation.

We may end up paying a high price for our newly wealthy class, if it fails to take in tow—as the Western bourgeoisie does—the scientific-technical intelligentsia. These newly rich will leave the country's intellectual space littered and trampled. The result of trampling the intellectual elite will be not only a scientific-technical gap, but also an intellectual hole. The origins of destructive revenge lie in the very process of the lumpenization of the intelligentsia, in the emergence of new dissidents. Such rebels are not ordinary pogrom makers; they control minds and inspire powerful movements. It is possible (given our prospects) that the ideas of the extreme right will dominate among them. Because the ideas of the left have been discredited for a long time to come in the eyes of young people, and our destiny will be decided by young people.

[Hromovytsya] What do you regard as a top priority in Ukraine's effort to surmount the crisis? What can ensure what you call the substitution of one model of market development by another?

[Pakhomov] I will not be original, even though some two-three years ago this had a discordant ring to it: We need a strong government as the principal instrument of reform.

Why did this have a discordant ring to it? Because the operating formula was "the less state, the better." There were illusions that it would be enough to give economic freedom and the market would regulate itself without outside help.

Today, very few still harbor these illusions. People have belatedly come to understand that strong state authority is essential in a transitional period.

Of course, a reformist state is not one that only issues commands, and this is not what makes it strong, although commands are also important. In a transitional period, a state must ensure the unification of macro and micro economics, and this is the main thing. It can achieve this only by joining with capital and acting in unison with it. But it is senseless to join efforts with today's petty middleman capital and with fragmented firm owners and small shopkeepers. Only strong structures that combine financial, commercial, and production capacities can serve as the partners of the state in its reformist and creative mission. Large corporations, including transnationals—these are the structures that are capable of creating the modern market.

As an addition to big business, it is important for the country to have wide-scale (and not only consisting of stalls) small and medium-sized business. This is a separate problem and I will not broach it here, but these things are far from simple. Suffice it to say that small business is not possible until a victory is gained over the mafia (in all its guises) and the bureaucracy, while taxes are stifling everything, etc.

[Hromovytsya] A somewhat dangerous question: Do you not think that when a country is in danger, what it needs to save itself are not parliamentary "analyses," but rather extraordinary decisive actions. Would you welcome the emergence on the political arena of a leader—a wise and humane patriot?

[Pakhomov] It seems to me that you phrased the question in more delicate terms than you actually meant. I will therefore respond to what you wanted to ask by describing the question as dangerous.

I think that the question of a decisive leader is not as simple as it appears to the philistine. Everything depends on the situation in the country, on the readiness of the people to submit to the will of a strong leader, on his having a strategic program. Just keep in mind how often dictators emerged in Latin America. They emerged because there was chaos and there was a need for a strong hand. But they left a shameful legacy. It turned out that the dictators proved incapable of the most elementary thing that was expected of them: They were unable to bring order. Although you will not get far on order alone.

On the other hand, Turkey respects President Ozal precisely because he put a stop to anarchy. At the same time, it was not without harshness that Ozal opened the way for the country to rapid and decisive economic reforms.

The Spanish people regarded the dictator Franco, a seemingly odious figure, as a national hero. In a moment of mortal danger to the United States during the thirties, F. Roosevelt was decisive in a dictatorial manner.

Obviously, the criteria for positively assessing the harsh conduct of a country's leader is the people's realization that his actions are necessary to save the country, the people's acknowledgement of the irreversible and profoundly humane nature of decisive actions.

[Hromovytsya] And finally. What will you wish MOLOD UKRAYINY— the newspaper and the youth of Ukraine—the citizens of the 21st century?

[Pakhomov] I wish them the courage to face the truth.

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Expert on Mineral Extraction, Potential

WS1807112995 Kiev KYYIVSKA PRAVDA in Ukrainian 6 Jul 95 pp 1-2

["Exclusive" interview with Professor Mykola Mefodiyovych Havrylenko, chairman of the Ukrainian State Committee for Geology and Utilization of Natural Resources, by H. Pyvovarov; place and date not given: "Ukraine Is a Country With Wealth Lying Beneath Our Feet"]

[FBIS Translated Text] [Pyvovarov] Discussing our natural wealth has almost become a usual occurrence. As for discussions of how to use this wealth, we are not so loquacious. Why?

[Havrylenko] First, I would like to tell you what we possess. Compare the following figures: Ukraine's territory covers only 0.4 percent of the earth's dry land and Ukraine's population constitutes only 0.8 percent of the global population, but, no more than four or five years ago, Ukraine accounted for 5 percent of the global extraction of natural resources.

Mineral resources provide 23-25 percent of Ukraine's GDP. The extraction and utilization of mineral resources involves, directly or indirectly, nearly 50 percent of Ukraine's industrial potential and one-fifth of Ukraine's labor resources.

Among its mineral resources, Ukraine has almost all elements from the periodic table — there are 90 sorts of minerals in total. All that we need to stand on an equal footing with highly developed industrial countries, may be provided, and is already being provided, by 8,000 mineral deposits. One more figure: The potential value of prospected mineral resources totals $7-7.5 trillion.

No more figures? We are a country of immeasurable natural wealth that is simply lying beneath our feet. We only need to pick it up and use it.

[Pyvovarov] However, a question arises: How can this be done in our crisis?

[Havrylenko] We have many problems, as is the case with our economy in general. However, we are not standing idle. In the former USSR, Ukraine was a part of an all-union complex. It was assumed at that time that Ukraine should develop its traditional extracting industries — coal mining and iron ore mining. As for other natural resources, they should have been provided by Ural, Siberia, Central Asia, and the Far East. Therefore, there were artificial barriers erected to exploration, prospecting, and the use of a whole range of natural resources in Ukraine.

Over the last three years, we have broken from this tradition, having significantly expanded the exploration of formerly "untraditional" minerals: copper, nickel, molybdenum, chromium, rare and rare earth elements, gold, zirconium, and others. We have prospected very promising deposits of pure virgin copper in the Volyn region. This is a rare-quality mineral — you do not come across such copper very often. In the central part of the Ukrainian craton, explorers have found molybdenum; in the region along the Bug River — deposits of chromium, small but suitable for profitable mining. A large store of zirconium is in the Tarasivske alluvial deposit in Kiev Oblast. The region near the Azov Sea has rare and rare earth minerals — yttrium, lithium, scandium, and zirconium.

A prospected group of the so-called lanthanides is of global importance. I place special emphasis on them, since these rare metals are the "vitamins" of industry, which allow us to develop science-intensive technologies, as well as to establish the effective production of space apparatuses, airplanes, and ocean vessels. Lanthanides have recently found a new use in many countries: In China, Thailand, and Australia, they are used as microfertilizers. "Curing" vegetation and protecting it from disease, they also increase the fertility of soil and its fruitfulness.

[Pyvovarov] You mentioned gold. Our president has recently been shown the first grams of Ukrainian gold coming from the Kirovohrad region. Are we rich in gold?

[Havrylenko] We have a lot of gold. As of today, it has unequivocally been determined that we have 10 gold deposits of industrial importance — in Dnipropetrovsk and Kirovohrad Oblasts, in the north of Odessa Oblast, near Berdyansk, in the Transcarpathian region, in Donbass. Ukraine has made a real breakthrough in prospecting gold deposits. The availability of gold was a momentous discovery for us, as was the case with our gas deposits in Shebelynka and uranium. Estimates are that the cost of gold mining will be repaid in three and a half to eight years.

[Pyvovarov] Some time ago, Ukraine supplied coal to the all of the USSR. It now has to import coal, not to mention oil and gas. These imports undermine our economy. What are the prospects for exploring, prospecting, and extracting these natural resources on our own?

[Havrylenko] We have extensive studies of the geological conditions of deposits. Even in Donbass, the land of coal, we have unexplored areas. Many coal deposits are at shallow depths, are of good quality, and can be competitive. All we need to get this available coal is to invest in this branch.

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Ukraine mined over 87 million tonnes of coal last year; in the future, we may mine 130-150 million tonnes every year, thus avoiding any imports of coal. Geologists have confirmed that Ukraine has over 46 billion tonnes of coal in deposits.

For the time being, we insufficiently utilize our oil-and-gas- bearing provinces — Poltava Oblast, Chernihiv Oblast, oil deposits in the Ciscarpathian region, in the shelves of the Black and Azov Seas. We have about 237 million tonnes of oil in prospected deposits, but we are not expanding its extraction. We are not poor in gas deposits, either. There are over 1.1 trillion cubic meters of gas prospected in Ukraine. We know of nearly 300 oil and gas deposits, including 26 large ones. We can double the extraction of oil and gas in a short time, attaining annual outputs of 7-8 million tonnes and 30 billion cubic meters of these resources respectively.

[Pyvovarov] It is very interesting to hear you speaking about all this. However, I cannot get rid of the following feeling: We unceasingly repeat that we are rich, but, at the same time — excuse me for saying so — we beg for coal, oil, and gas, and — while skimping on everything for ourselves — pay the lion's share of our hard currency reserves for energy resources....

[Havrylenko] I will tell you the following. We can satisfy our coal demand with our own coal. Unfortunately, this does not relate to oil and gas. However, you are right — our dependency on purchases of these resources can, and should, be decreased. We have already touched upon certain reasons for why the volume of energy resources extraction is not increasing. These reasons are known to everybody: In the period of crisis, Ukraine has no money for this; in addition, we should admit that our technical equipment is antiquated. Due to a reduction of subsidies, the volume of geological-prospecting work decreased catastrophically last year, so it is no use to expect an increase in capabilities of the extracting industry.

Our oil lies at great depths — between 4 and 4.5 km. The same may be said about gas. To extract it, we need large subsidies and high-tech equipment. We have neither the former nor the latter. I will say openly: We are not able to extract oil from the shelves of the Black and Azov Seas on our own. Our maritime platforms can drill at depths not exceeding 70 meters, whereas we need equipment capable of extracting oil from the sea bed at depths of 300 to 700 meters. Negotiations are being conducted with a number of foreign firms; our government has proposed a tender for a project in maritime oil extraction.

[Pyvovarov] What are the prospects for our extracting industries?

[Havrylenko] We should understand the following simple truth: We can overcome our crisis only with the help of our extracting industries. We have recently elaborated the "Program of Development of Ukraine's Mineral and Raw Materials Basis Until the Year 2005." The program is based on what we have already achieved, on what we already possess. My words may apparently sound as a dissonance against the background of what we usually say about our shortages. Despite all difficulties, we are continuing to increase the store of prospected oil, gas, lithium, niobium, potassium salts, and raw phosphates. We are increasing our mining of coal, iron, uranium, manganese, and titanium.

Our future task is to decrease imports, and increase our export potential in raw materials. We will quit importing copper, molybdenum, fluorite, and phosphates; we will increase our exports of manganese, titanium, and zirconium to Russia, as well as uranium, manganese, and iron ores to Europe. This will considerably activate our trade and economic relations, as well as allow us to obtain hard currency and necessary industrial products.

It has been planned to quickly expand our extraction of strategically important kinds of natural resources: gold, scandium, and rare metals for the development of new, untraditional economic branches.

According to estimates, Ukraine's capabilities in exporting mineral raw materials can be increased by a factor of 1.5 to two, while imports can be reduced by 60-70 percent. This will produce an annual economic effect in the amount of $5-6 million.

We are a rich country. Potentially rich. This potential must be utilized. Without this, I will repeat, we will not overcome our crisis. Developing the extraction of raw mineral materials is a path toward the strengthening of our economy and the country's industrial potential, which will allow us to decrease Ukraine's economic dependence on other states.

First Gold Mine Built in Kirovohrad Oblast

WS1907085595 Kiev INTELNEWS in English 0508 GMT 19 Jul 95

[FBIS Transcribed Text] Kiev, July 18. The first explorational-operational gold mine is being built in Kirovohrad oblast. Experts say the mine will be able to extract 16 grams of gold from each ton of ore, according to a report by VECHERNIY KYIV.

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Paper Reports Harvest Improves This Year

WS1907085395 Kiev INTELNEWS in English 0508 GMT 19 Jul 95

[FBIS Transcribed Text] Kiev, July 18. The first results of the grain output showed this year's harvest would be better than in recent years, according to VECHIRNIY KYIV newspaper. An average 23.5 metric centners from one hectare are being collected this year, which is five centners more than last year.

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Belarus

Ukrainian Delegation Continues Visit

Kuchma Holds News Conference

LD1807171095 Moscow INTERFAX in English 1515 GMT 18 Jul 95

[FBIS Transcribed Text] MINSK, July 18 (INTERFAX-WEST) — Ukraine will join the Customs Union if Russia and Belarus prove its viability, Ukrainian President Leonid Kuchma told a news conference in Minsk Tuesday. The news conference focused on the results of the visit of a Ukrainian delegation to Belarus.

Kuchma said Ukraine had taken a wait-and-see stand on the issue. "Since Russia and Belarus went a new way as they united in a customs union, let them practically prove the viability of the union by single prices and free trade," he added.

Belarusian President Alyaksandr Lukashenka told the same news conference that his talks with Kuchma had focused on 10 issues, including bilateral economic relations, dealing with the Chernobyl disaster's after-effects, border delimitation and demarcation, Ukrainian property in Belarus and vice versa, cultural cooperation, etc.

In addition, the talks discussed mutual debts and "unexpectedly Ukraine's full understanding was encountered," he added.

According to Lukashenka, the tete-a-tete summit also touched on the two countries' attitude to NATO and issues within the CIS.

The two presidents agreed that Lukashenka will pay a response visit to Ukraine and meet Kuchma in Crimea within the next month.

At the news conference, Kuchma described any display of separatism as a "great evil" referring to the situation in Crimea. The world community "on all levels should tackle any display of separatism in whichever country," he added. In this case, there will never be a situation like in Yugoslavia, and "any separatist plotter will be blocked and turned down in a political dialogue with the world community," he noted.

Lukashenka said the two countries had already agreed on 90% of the length of the bilateral border. Smaller issues concerning demarcating the border either by the main fairway of the Dnieper, or by administrative districts. Lukashenka made it clear that the two sides preferred the first option.

Kuchma Supports Yeltsin Reelection

LD1807170495 Moscow Russian Television Network in Russian 1600 GMT 18 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] Ukrainian President Leonid Kuchma has completed his official state visit to Belarus.

[Correspondent L. Sviridov] A bilateral political accord on friendship, good-neighborliness, and cooperation was signed. Today the Ukrainian leader visited the Minsk watch factory and met Belarus industrialists who bring their output to Ukraine. Kuchma had a fairly short meeting with Ivan Korotchenya, CIS executive secretary. At the concluding news conference on the results of his two-day visit, Leonid Danilovich [Kuchma] reiterated Kiev's official stand on a customs union between Russia and Belarus. The Ukrainian president said once again, I quote: If Russia wants to present itself as a great power, a customs union must be preceded by a free trade accord. The strong one should show respect for the weak. Touching upon the situation in the Ukrainian south Kuchma said: Separatism in Crimea is evil and I do not want Ukraine to have the same problems as Yugoslavia. In addition, Kuchma made a sensational statement today. I will come out in favor of Boris Yeltsin being elected Russian president for a second term, unquote.

Political Accord Signed

LD1807182295 Moscow INTERFAX in English 1635 GMT 18 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Presidents of Ukraine and Belarus Leonid Kuchma and Alyaksandr Lukashenka met in Minsk on Monday [17 July] to sign an outline political agreement between the two countries.

Speaking afterwards, Kuchma spoke of being aware that the process of integration was irreversible. He also stated no controversial issues in relations with Minsk.

For his part, Lukashenka who echoed Kuchma's statement said that Belarus would stiffen contacts with Moscow but not at the cost of its relations with Ukraine. He spoke of having the impression that the Ukrainian leader was examining the possibility of joining the customs union of Russia, Belarus and Kazakhstan.

Lukashenka said that if the customs deal was implemented, other CIS states including Ukraine would join it. However, Kuchma spoke of the need for readjusting

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the price policy of the signatories' to the customs union first. He said the conclusion of free trade agreements must precede Kiev's entry into the customs union of the three CIS states. "If not, the weaker states would become much weaker still", Kuchma said.

Other agreements signed include social security safeguards to Ukrainians and Belarusians working in each other's countries, health care, air links and an exchange of housing.

After the signing ceremony, Kuchma handed Lukashenka an old Belarusian icon taken to Ukraine during the past war. "It must be where it belongs", he said.

Both presidents agreed that the two countries would sign a package of economic agreements during Lukashenka's visit to Kiev, they told a meeting of industrial managers working with Ukraine in Minsk on Tuesday.

Lukashenka said he would visit Ukraine when the proposed agreements on dual taxation, investment protection and property issues were ready for signing.

He spoke of contacting Kuchma twice a week at least to try to resolve more urgent issues between the two countries.

For their part, the managers called for forming new structures to help towards account settling by the enterprises on both sides and a better information exchange between Belarusian and Ukrainian industrialists. One proposal envisages the establishment of a commercial clearing center on the basis of the unions of industrialists and manufacturers on both sides to help create a database for commercial offers.

Kuchma promised to consider those proposals including the recognition of each other's product quality certificates.

On the customs union, he expressed his wishes of success to Minsk that Russia would lift all trade barriers, quotas and licences apart from its verbal declaration of intention to set up such a union.

The range of questions raised at the joint press conference in Minsk includes the elimination of the after effects of the Chernobyl nuclear accident; border demarcation; state property issues; cultural links; and the delivery of Ukrainian-made cars for the handicapped.

On a possible clearing of each other's debts, Lukashenka spoke of finding an unexpected understanding of the issue on Kiev's part. IF Note: Belarus has a surplus in trade with Ukraine.

NATO and CIS was on the agenda of a private meeting between the two presidents, Lukashenka said.

Agreement was reached that Lukashenka would come on a formal visit to Ukraine and meet Kuchma in Crimea in the next four weeks.

Lukashenka said an easing of border controls was also discussed.

Kuchma described any drive for separatism as an evil pointing to the situation in Crimea as an example. He believes the international community must counter any show of secessionism in any one state to ward off any Yugoslav-style scenario of events.

On NATO, Lukashenka was opposed to any common policy in respect of the North Atlantic Alliance reiterating concern at a possible NATO enlargement at the cost of Eastern Europe.

On the border issue, he said the two countries appeared to agree that the common border should pass along the Dnepr river.

On the customs unions, Kuchma said Russia and Belarus would have to prove by prices and fair trade policies that their union was viable. "Ukraine may be ready to join it but not until after signing free trade agreements with Russia and Belarus", he said.

Ukraine's Kuchma Ends Visit

LD1807184395 Minsk Radio Minsk Network in Belarusian 1700 GMT 18 Jul 95

[FBIS Translated Text] The official visit to our republic by Ukrainian President Leonid Kuchma is over. Reporter Ivan Gladki reports:

[Gladki] Today, the second day of the visit, there was a series of interesting meetings. The eminent guest visited the Minsk Clockworks. He met with staff at the Ukrainian Embassy, with representatives of the Ukrainian diaspora in Belarus, and with CIS Executive Secretary Ivan Karatchenya. The two heads of state, Leonid Kuchma and Alyaksandr Lukashenka, also met with industrialists and entrepreneurs who are working together with Ukrainians.

The two presidents gave a news conference at the national press center. Our president, Alyaksandr Lukashenka, told those present about the accords with Leonid Danylovych and about the results of the visit. In particular he said:

[Begin Lukashenka recording in Russian] The Republic of Belarus has paid and continues to pay great attention to cooperation with its nearest neighbor, Ukraine. (?Early this year), talks were held between our prime ministers, foreign ministers, and heads of other ministries and departments, which formed the basis for the

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present visit, and laid a firm foundation for the development of mutually beneficial interstate cooperation between our countries. With regard to this, I would like to emphasize that at the talks yesterday we reached an unambiguous decision that the recent visit by the Ukrainian foreign minister to Belarus served as the basis also for the present talks — they were very productive — we worked out the basic documents for today's meeting.

After the disintegration of the Soviet Union there was a sharp reduction in the level of economic, scientific, and cultural cooperation between Belarus and Ukraine. And it would be an unforgiveable error today to forget about the old tried and tested relations between our fraternal peoples, between our states. Both Belarus and Ukraine — I am sure — want to restore these relations, naturally at a new interstate level.

The present visit by Leonid Danylovych Kuchma and the talks which were held are a logical continuation of the political dialogue recently established between the two presidents.

I will not be mistaken in saying that the basic theme of our meeting today was the reestablishment of mutually advantageous relations between our states. Mutual trust between the presidents and mutual understanding in tackling complex issues of cooperation, the historical political, economic, and cultural links between our fraternal peoples provide the possibility to lift Belarusian-Ukrainian relations to a qualitatively new level. In that connection, I want to note the importance of the treaty on friendship, good-neighborliness, and cooperation between our countries, which is the logical continuation of the political treaty in operation up to now and which lays the foundation for future Belarusian-Ukrainian relations in all areas of cooperation for the coming 10 years.

Besides the wide-ranging treaty on friendship, good-neighborliness, and cooperation, other agreements were signed during the visit. We agreed to sign a major treaty and (?34) agreements on its development. And we will sign all the other agreements and treaties which were also put forward today by industrialists in the near future or during the official visit by the president of republic. [end recording]

[Gladki] As ever, the journalists had many questions, and all of them received exhaustive replies. In particular, the journalists were interested to know whether the Ukrainian president will attend the Slav Bazaar festival. Sadly, no, because tomorrow is the anniversary of his inauguration and many functions are planned. Here Alyaksandr Lukashenka said:

[Begin Lukashenka recording in Russian] I propose that we congratulate Leonid Danylovych on the anniversary of his inauguration. [applause] [end recording]

Lithuanian Premier Arrives for Talks; Meets Chigir

LD1807174895 Moscow ITAR-TASS in English 1611 GMT 18 Jul 95

[By Igor Ruban]

[FBIS Transcribed Text] Minsk, July 18 (ITAR-TASS) — The growing bilateral goods turnover of Belarus and Lithuania is a vivid example of expanding bilateral relations, Belarus Prime Minister Mikhail Chigir told visiting Lithuanian Premier Adolfas Slezevicius here today. Slezevicius has arrived in Minsk today with an official Lithuanian delegation.

Chigir hopes that bilateral cooperation will continue to develop. "We would like the Lithuanian side to understand economic difficulties faced by Belarus," he noted.

In his turn, Slezevicius confirmed Lithuanian interest in helping Belarus through a number of joint projects, including corporatisation of the oil terminal under construction in Butinga. Belarus may be interested in several Lithuanian proposals on the use of the Klaipeda port, said Slezevicius.

The premiers discussed simplified payments between Belarus and Lithuania, encouragement and protection of investments and joint work of customs offices.

The premiers signed a package of bilateral agreements on results of their negotiations.

Double Taxation Agreement Signed

LD1807193395 Moscow Mayak Radio Network in Russian 1630 GMT 18 Jul 95

[FBIS Translated Text] The prime ministers of Belarus and Lithuania today signed an agreement in Minsk on avoiding double taxation and on state border crossing points.

Commenting on these documents, the head of the Lithuanian cabinet said at a news conference that beginning 1 September a simplified variant of border crossing will be introduced on the Belarusian- Lithuanian border. It is envisaged that the border guards and customs officers of the two states will work together. It is also planned that initially the simplified regime of border crossing will be introduced at 17 border points and that before the end of 1995 the number of points with a simplified crossing variant will increase to 29.

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Lithuanian Premier Delighted With Visit

LD1807193295 Minsk Radio Minsk Network in Belarusian 1700 GMT 18 Jul 95

[FBIS Translated Text] Adolfas Slezevicius, prime minister of the Republic of Lithuania, paid a one-day visit to Minsk today. Details of the visit from our special correspondent, Volga Yushkevich.

[Yushkevich] The Lithuanian guest held talks with government representatives. As a result, the following documents were signed: an agreement between the Government of the Republic of Belarus and the Government of the Republic of Lithuania on avoidance of double taxation; an agreement between the Government of the Republic of Belarus and the Government of the Republic of Lithuania on crossing points on the state border; an agreement between the Government of the Republic of Belarus and the Government of the Republic of Lithuania on reciprocal provision of buildings and apartments and plots of land for rent in the cities of Minsk and Vilnius for the needs of diplomatic missions.

Adolfas Slezevicius, prime minister of the Republic of Lithuania, commented on the agreements signed in the following way:

[Begin Slezevicius recording in Russian] I want to express satisfaction with the progress of the talks, with the constructive, business-like approach. Our talks lasted longer than planned, because there turned out to be far more issues. We discussed in principle all the issues of interest to both sides, starting with the ratification of treaties signed, which are of major importance, and measures which must be taken to ensure that preparatory work is speeded up. In economic cooperation very many themes were discussed, starting with improving assistance of customs services and border guards, and also other questions.

In our republic we have already set up an intergovernmental commission which coordinates economic cooperation with Belarus. It is also planned to set up such a commission with our Belarusian colleagues. I think that it will allow us to increase the effectiveness of our economic relations. We noted with satisfaction that the volume of trade between our countries is increasing quite dynamically.

We also discussed questions of a simplified system of border crossings, which is very important for the population of border areas. I very much want to express deep gratitude to our Belarusian colleague and also to members of the delegation who decided, in principle, on issues connected with our cultural center in (Gervechi). Ways have been found for joint funding of that site. I think it is a very important step, showing that indeed the Belarusian side wants to create and is creating normal conditions for our community, as we are also trying to tackle all questions arising among the Belarusian diaspora living in Lithuania.

We also spent a lot of time on cooperation in the area of transport. This is very important as regards confirmation by the European Union of the transport concept, where the so-called ninth corridor — Klaipeda-Vilnius-Minsk-Gomel-Southern Europe — was confirmed as one of the priorities in the general transport concept of Europe. And here, of course, we must concentrate our efforts to coordinate work. The Belarusian side decided the question of introducing a certain number of quotas for free passage of residents of Belarus in a way very favorable for us. This is a very topical question for our carriers.

So the range of issues we discussed is fairly large. I have not mentioned all of them. We also dealt with power engineering and a plan to sell electricity in exchange for other energy sources. We are also completing preparations of a protocol where all these topics — the ones I mentioned and ones I have not mentioned — will be set out with specific timescales and executors. I think that this will help the development of our economic relations.

In general, I would like once more to stress the constructive and businesslike nature and the good mood of our Belarusian colleagues. We express our gratitude. [end recording]

[Yushkevich] The prime minister of Belarus, Mikhail Chyhir, (?agreed with) the views of Mr. Slezevicius, and added only two other things. Our trade turnover with Lithuania for the first six months of this year exceeded the level of trade turnover for last year. Second, the sides agreed that from September our national currencies, the litas and Belarusian ruble, will function on the exchanges of Lithuania and Belarus. This (?will help) to conclude deals between our businessmen in their national currencies. Cooperation between countries is always a fairly complicated business, but so far Belarus and Lithuania have a mutual understanding, and it is hoped that the level achieved today will be exceeded in the near future.

Deputy Minister on New Anticrisis Measures

WS1907105395 Minsk RESPUBLIKA in Russian 13 Jul 95 p 2

[Interview with Deputy Finance Minister Ivan Stepanovich Shunko by Dmitry Patyko; place and date not given: "We Are Drifting Toward the Market,

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But Clean Water Is Far Away" — first four paragraphs are RESPUBLIKA introduction]

[FBIS Translated Text] **A joint meeting of the Belarusian Cabinet of Ministers and the Security Council was devoted to the problems of material economic production. It was emphasized that the drop in GDP and industrial output was three times lower between January and March 1995 than over the first quarter of 1994. With regard to January-March 1995 period, the budget deficit amounted to 2.1 percent of GDP against the permissible 3-percent level; the exchange rate of the ruble against the dollar stabilized; a positive trend to reduce the inflation rate emerged. In January, the inflation rate was 39.2 percent, February — 33.7 percent, March — 20 percent, April — 14.5 percent, and in May — 3.4 percent.**

At the same time, when the program for resolving the economic crisis was implemented, serious mistakes were made and their aftermath primarily affected the sector of material production. Increased costs of production and turnover have led to the increase in prices that triggered difficulties in selling finished products and their accumulation in warehouses, to the shortage of working capital, and to the deterioration of enterprises' financial situation. Unprofitable enterprises accounted for 21.4 percent of their total number: 9.1 percent in industry, 17.3 percent in construction, 11 percent in the agricultural sector, and 18.6 percent in transportation.

Regarding the economy, accounts receivable and accounts payable were worth 27 trillion rubles [R] and R38.5 trillion respectively, and their amounts increased by 48.8 percent and 63.5 percent respectively compared with early 1995. The value of unsold finished products in enterprises' warehouses reached R4 trillion, or 43 percent of their monthly output.

Specific measures to resolve the crisis were specified at the meeting. Our correspondent Dmitry Patyko asked Belarusian Deputy Financial Minister Ivan Stepanovich Shunko to comment on a few anticrisis measures.

[Shunko] Ivan Stepanovich, one of the most important tenets of the protocol adopted at your meeting was the development of measures to regulate material production by the state during the second half of 1995. Such measures will make it possible to create a system of state support to reorganize production potential. Which measures envisaged by this protocol are the most important ones?

[Patyko] First of all, it was decided to develop a new mechanism for introducing free — contract — prices for agricultural products and to specify measures to adjust labor conditions in various farms. What does this imply? The problem is that until now prices in Belarus were free, but at the same time they were regulated by purchasing prices of agricultural products. The difference between the prices of agricultural products and their genuine costs was compensated by the state. The budget cannot make such sizable infusions to the agricultural sector anymore, and state coffers will not compensate unprofitable enterprises for their production costs. All farms must produce products in equal conditions and must think how to avoid losses. If a farm cannot do so, it should change its specialization, be split up, or be divided into individual farms.

[Shunko] Is it possible that a farm could "drown?" In general, will we go without milk if, for example, it is unprofitable to produce it?

[Patyko] If a milk producer goes bankrupt, he could begin producing some other product, because the state will continue to support the agricultural sector; funds, however, will be issued not according to the old system of distribution — minor support to stable farms and the lion's share to the farms that are in a permanent state of "going-to-the-bottom" — but based on the volume of agricultural production. So, given such equal conditions, farms could show their abilities. As for us, we will not remain without milk.

[Shunko] So, when will a new mechanism be introduced?

[Patyko] It is difficult to say exactly. This is only our proposal. I believe that it will be partially implemented this year, and by early 1996 it will be fully implemented. By the way, these measures also envisage immediate financial support from the budget to producers of agricultural goods, who signed full-scale contracts to deliver agricultural products for the needs of the state. I imply the financing — on a high-priority basis — of the farms that produce agricultural products exported by Belarus in exchange for oil, gas, cotton, metal, and other raw materials from CIS states. This measure is temporary: It will be implemented until there is the current "exchange" trade, until the previous links are restored and deliveries become stable.

[Shunko] Among the measures that were put forward, the need to draft a resolution on the obligatory use of a single wage scale — considering sectoral adjustment coefficients — for leaders, experts, and employees of insolvent state enterprises and organizations, as well as for economic entities receiving subsidies from the budget was emphasized. What is the essence of this measure and what does it envisage?

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[Patyko] Our laws state that an enterprise itself establishes procedures and the system of paying wages. This independence has led to great confusion. For example, salaries of leaders of enterprises can often differ 10-fold. Particularly, such a situation existed when prices were manipulated on a wide scale. Of course, wages should be different, but the problem is that the current situation is as follows: When an enterprise operates effectively, wages are high, when it begins to work less effectively, it does not reduce wages of its employees, because employees themselves set their wages. Therefore, it is envisaged that documents will be drafted to specify the correlation between salaries of enterprise managers and the performance of these enterprises. The same refers to enterprises subsidized from the budget. Regarding them, the state — because it bears expenditures on these subsidies — also wants to reestablish its former control over wages to make them become an incentive for effective labor. By the way, the same clause of the anticrisis package envisages additional material boosting of leaders, experts, and employees of state enterprises and organizations who have achieved financial stability. Specific activities in this direction are being developed and perhaps a relevant decision will be adopted this year.

[Shunko] The following tenet appears strange: "To draft and submit for approval the provisions on state enterprises...." We have the Law on Enterprises, do we not?

[Patyko] This law addresses the enterprises of all forms of property, while new provisions will only involve state enterprises. Regarding the current situation, it is paradoxical. With regard to a private enterprise, an owner sets the salary of a manager, while with regard to a state enterprise, it is a manager himself who specifies his own salary. This implies that state enterprises have no "owner."

Regarding new provisions, they will regulate the work of a state enterprise within the framework of the Law on Enterprises: This involves the distribution of wages, of financial resources, and of funds.

[Shunko] We have just discussed the fact that unprofitable agricultural enterprises will not be given "artificial resuscitation." But the sixth clause of measures approved by the Finance Ministry states: "To draft and submit for approval provisions envisaging procedures for rendering state financial support to insolvent enterprises and of utilizing resources from the republican and local budgets, as well as from sectoral nonbudgetary funds, to reorganize or close down insolvent enterprises." How should this clause be understood?

[Patyko] The problem is that there are various reasons for insolvency. In many cases, insolvency does not depend on the leadership of enterprises. A scrupulous owner — the state should be such an owner — should find ways to rescue his enterprise to earn profits in the future. Therefore, subsidies to them from both the republican and local budgets, as well as from nonbudgetary funds, have been envisaged. Such nonbudgetary funds were established last year and they are also being established this year thanks to enterprises' payments. It has been envisaged to utilize these funds to support enterprises that became insolvent through no fault of their own, or to support insolvent enterprises that are an important link in the industrial infrastructure. For example, it is impossible that the Minsk-based "Kamunarka" enterprise will go bankrupt, because cacao beans cost a lot on the world market now.

[Shunko] I believe that this concept could be developed by explaining the next clause of proposed measures: "To specify priority trends, in which an enterprise is exempted from paying tax on profits, if it utilizes its profits to expand (develop) production of goods or services and to settle debts obtained for these purposes; and to submit the list of these priority trends for approval by the Cabinet of Ministers."

[Patyko] Of course, each of the proposed measures is a logical development of a previous one. The current Law on Profits envisages that if profits are utilized to expand and develop production, an enterprise is exempted from profit taxes, however, only 50 percent of its profits are exempted from taxes. At the same time, the law postulates that this 50 percent limit is removed in priority trends specified by the Cabinet of Ministers. Well, they have put this on paper, but priority trends themselves have not yet been specified, hence, an envisaged privilege is not effective so far.

[Shunko] A decision to obligatorily mothball sites — by 1 October 1995 — the construction of which is financed from the budget, given the fact that it is impossible to provide uninterrupted construction work at them, has been adopted at our joint meeting. It is difficult to carry out construction for everyone now, and this decision will hardly be fulfilled with delight and implicit obedience.

[Patyko] Undoubtedly. Although everyone realizes that unfinished construction projects imply blocked assets and a huge burden for the state, no one will hurry to curtail this construction. Quite a few entities even resort to various intrigues, for example, a ministry asked for subsidies to mothball five sites — their construction is financed from the state budget — and the amount of requested subsidies is enough to...complete the construction of these five sites. Tough procedures for deciding to mothball a site will be adopted and they will cover not only sites under construction, but

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also enterprises and production sites that have been closed down or have not operated at full capacity for a long period. The abolishment of real estate tax and of depreciation charges will be an incentive for adopting a decision that is sometimes so difficult. It is clear that in the long run the budget will also lose, but this measure will produce more positive than negative results.

[Shunko] The protocol has another interesting clause: "By 1 July 1995, the Ministry of Finance should draft a Belarusian presidential edict envisaging the transfer of all receipts obtained from the sale and leasing of fixed capital to replenish working capital of enterprises without collecting a relevant tax." Does this imply that activities — which are still disapproved — such as when an organization, for example a scientific research institute, leases out available facilities to survive during difficult times, will become legal?

[Patyko] To some extent yes. But this measure is temporary, because many enterprises have no working capital now. Therefore, a drafted edict states that revenues from leased fixed capital will not be taxed after 1 July of this year. This is done to replenish the working capital of enterprises that have found themselves in a difficult situation. By the way, the same aim is pursued by measures — that are currently being drafted — to exempt industrial and agricultural enterprises from paying fines for the delayed payment of taxes to the budget and nonbudgetary funds, and to write off debts for fines that enterprises failed to pay before 1 June 1995. The implementation of financial sanctions will be temporarily abolished until 1 August 1995. This will lead to the decrease in revenues for the budget, but will also allow for debts to be settled and production potential increased.

[Shunko] In addition, let us discuss taxes. The Financial Ministry and other organizations have been instructed to draft a taxation code. Does this imply that taxes in Belarus will stop being extortionary?

[Patyko] Well, first of all, our taxes are not at all extortionary. As for the assessment of a taxation system, this issue should be studied seriously and the study should be based on more than one bankrupt company (it is most likely that its bankruptcy was not caused by taxes). On the contrary, international organizations often give us instructions to strengthen certain tax codes. But the aim of this tax code is to unite all taxation laws within one document, because various taxation acts are scattered among different laws, and that complicates their use and can lead to mistakes by taxpayers and tax collectors. In addition, it occurs that these codes conflict with one another.

[Shunko] Hence, considerable changes in taxation policy should not be expected, should they?

[Patyko] There will be changes, but it is too early to state what kind of changes. A few taxes will be abolished and the rate of some taxes will be changed. In addition, our taxes offer numerous privileges. As is said, there are more holes in the cheese than the cheese itself. Hence, the greatest majority of these privileges must be abolished. Regarding the law and taxes, everyone should be equal. This will make it possible to increase the amount of collected taxes and to reduce the rates of some of them. Tax issues, however, are too serious to be specified in two or three paragraphs of a short interview.

Moldova

Snegur Visits Gagauzia, Talks to Local Leaders

AU1907091395 Chisinau INFOTAG in English 1930 GMT 18 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 18/7/1995 — Moldova's President Mircea Snegur began a two-day visit to Gagauzia on Tuesday [18 July].

He met the administration and the workers of several industrial and agricultural enterprises and discussed the economic situation in the region. He also discussed the report on Gagauzia's economy, prepared by a Moldovan Government commission, with the Gagauz leaders.

Tomorrow Mr. Snegur will visit another Gagauz town of Ciadar-Lunga and will participate in a meeting of the representatives of local administration of Gagauzia's towns and villages.

PDAM's Talmaci: Snegur Accusations 'Exaggerated'

AU1807162295 Chisinau BASAPRESS in English 2035 GMT 17 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 17/7/1995 — Although many deputies left the ruling party, the Agrarian Democratic Party of Moldova [PDAM] leadership thinks the division of the party and loss of majority are unrealistic, Aurel Talmaci, PDAM deputy chairman, told BASA. Talmaci said President Snegur's accusations of PDAM leadership are exaggerated. "We think the blames that the PDAM blocks the economic reforms and orients exclusively toward CIS are completely untrue," said Talmaci. He also said the PDAM Council will meet tomorrow to make some important decisions and release statements. Anatol Popusoi, PDAM parliamentary faction deputy head, told BASA "PDAM still has 43 deputies and the ruling party is not

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threatened with losing the majority of seats." According to him, some deputies from the Socialist Unity and opposition have opinions similar to the PDAM's regarding the most important draft laws to be adopted. At the same time, he said the PDAM leadership "keeps under control the situation within the party and has a strong core."

PDAM Expels Snegur-Led Dissidents

AU1907091495 Chisinau INFOTAG in English 1930 GMT 18 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 18/7/1995 — Eleven deputies, who quit the Agrarian Democratic Party of Moldova [PDAM] and its parliamentary fraction, were expelled from the party by the decision of the PDAM All-Republican Council today.

PDAM leaders decided to submit for Parliament's consideration the withdrawal of deputy mandates from these members of Parliament. The Constitutional Court will decide upon the legacy of this action. Resignation of the 11 members cannot split the party backed by 50 percent of the population, the meeting participants have emphasized. Alexandru Muravschi (PDAM), secretary of the parliamentary commission on economy, industry and privatization, said that political regrouping is quite natural and the conflict between presidents and parliaments did and are taking place in many CIS states.

Muravschi views the root of resistance in unwillingness of state leaders to give up some of their power. "After all it is not surprising that the president's declaration on leaving the PDAM holds the language issue in the background and restriction of presidential power in the foreground. If it was not for the language name, there would be another excuse for disintegration," said Muravschi.

The Council took a decision to convene a PDAM congress on September 2 to update the party's ideology.

Smirnov Insists on 'Statehood' for Dniester

AU1907091295 Chisinau INFOTAG in English 1930 GMT 18 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 18/7/1995 — The president of the unrecognized Dniester Republic, Igor Smirnov, stated that "the only guarantee for the observation of documents signed between Chisinau and Tiraspol is the statehood of the region."

At Monday's [17 July] meeting between Dniester leaders and representatives of public organizations, industrial management and mass media, he stated that "negotiations with Chisinau are aimed at strengthening Dniester statehood and gaining its recognition. At the last meeting with Chisinau we submitted a Statehood Memorandum, but Chisinau sidestepped it. We are ready to comply it with the parliaments and even try to resolve the issue through a referendum," Smirnov said.

He spoke for a Ukrainian participation in the status talks, for he views the participation as a convenient arrangement for having a special representative of the Ukrainian president in the process. In the meantime Smirnov objected to having Romania in the negotiations, having claimed that "Bucharest used to hinder the process."

Igor Smirnov expressed a necessity to demarcate the Dniester-Ukrainian frontier which is 258 kilometers long.

"At the last summit, Chisinau suggested to relieve customs houses from the Dniester. We are against it. Dniester exports seven times as much as it imports, and we do need the customs facilities," he claimed.

He encouraged the audience to organize a proper election campaign and warned against loosing the most valuable thing — Dniester statehood — in the rush for political power.

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Kazakhstan

Prime Minister on Draft Constitution, Alem Bank

LD1807185995 Almaty Kazakh Television First Program Network in Russian 1100 GMT 18 Jul 95

[FBIS Translated Text] Prime Minister Akezhan Qazhygeldin held a news conference today. Goulnar Umarbekovahas more details.

[Umarbekova] First of all, he expressed his view of the new draft constitution of the republic. He described it as a constructive document. In his opinion, the spheres of authority of all branches of power are for the first time precisely defined in the constitution.

Answering questions from correspondents on taxation policy, the prime minister noted that since there is a new tax code, naturally no new taxes are envisaged; although, excise policy is likely to change.

The prime minister also told correspondents that it is possible that privatization in the oil and gas sector will begin soon.

During the meeting the question of the situation at the Karaganda Metallurgical Plant also was raised. In Mr. Qazhygeldin's view this is not a conflict; it is just in the nature of work.

[Begin Qazhygeldin recording] I wholeheartedly support my deputy. [words indistinct] If the group consisting of U.S. Trade Engineering and Eisenberg [not further identified] do not fulfill their obligations to the Karaganda Metallurgical Company and the government, they will be the second ones to come into conflict with us [after Voest-Alpine-Kazakhstan, which had its rights to run the plant revoked]. If that happens, we will have to look for another firm, because we are talking about the future of a major company. While we were trying to rescue this enterprise for two years [words indistinct] there were few saviors. It will not be right to talk about that afterwards. We have given you an opportunity and time, so come on, take the chance! [end recording]

[Umarbekova] Touching on the further destiny of Alem Bank, Akezhan Qazhygeldin said that the bank's management was largely to blame for what happened. However, in spite of this, the government will help the bank — one of the major banks in the republic — get out of the critical situation.

Alem Bank Reportedly 'Stable'

954F2807A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 14 Jul 95 p 1

[Article by Lyudmila Pereberza and Igor Cherepanov, KAZAKHSTANSKAYA PRAVDA: "'Alem Bank': Panic Is Premature"]

[FBIS Translated Text] It is time to get used to the fact that any bank, even the most stable, can go under. But still as soon as the slightest irregularities appear in the banking system, the clients and investors start to panic.

That is what happened with Alem Bank. After the program of the KHABAR television agency was aired, information about its financial insolvency began to be spread.

"Our position is stable," the chairman of the board of Alem Bank, Yerbol Zhambayev, told journalists at a news conference. "Just during the half year we have received about 1.7 million tenge in revenues and our profit has amounted to almost $500 million. The results of the commission's work—that is our internal affair."

And so Alem Bank is holding steady. But the flurry that was stirred up around its false bankruptcy had to be quelled at the state level. As we have already reported, effective 10 July Alem Bank Kazakhstan was switched for two weeks to administration by a special commission which included representatives of the Government and the National Bank of the Republic of Kazakhstan. A press release disseminated among the mass media clarifies that the temporary shift of authority in no way foretold the bank's subsequent liquidation or a declaration of its bankruptcy. The preventive measures are explained as regulation of the activity of this extremely large financial structure and the protection of the interests of its clients and investors, which is fairly widespread in world practice in relations among central commercial banks and not necessarily linked to the reputation of the latter. Fortunately for the holders of large and small accounts, the bank which was included on the television screen among the bankrupt is still firmly on its feet—its share of the capital of the entire banking system of Kazakhstan is about 10 percent, and of the liabilities—almost twice as much.

It is quite logical, the authors of the press release think, to have delays of payments on 10 and 11 July, which seemed unjustifiable at first glance, since the "change of the clocks" temporarily halted financial operations. At the present time Alem Bank is operating normally and there is no threat of freezing its assets or sending its workers on indefinite leave, as the rumors had it. The situation is under the control of the government and the National Bank, which will do everything they can

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to right the listing financial ship. But the leading bank is watching out for another danger as well—excessive haste in the "sweeping conclusions" of certain republic mass media.

Prime Minister Discusses Economic Reform

LD1807193695 Moscow ITAR-TASS in English 1847 GMT 18 Jul 95

[FBIS Transcribed Text] Almaty, July 18 (ITAR-TASS) — "It is yet early to say that living standards worthy of a human being have been achieved in the Commonwealth states," Kazakhstan Prime Minister Akezhan Qazhygeldin told reporters on Tuesday [18 July].

He believes that not one of the CIS states "is capable of making radical headway, although there is a will for that."

"If things go well in Russia, a shift for the better will inevitably follow in other countries. People's life will definitely improve," the Kazakh head of government stressed.

Qazhygeldin focussed attention on the experience, albeit a little one, accumulated by his country in handing over major enterprises, which have found themselves "in a protracted stalemate," in the management of foreign companies.

He qualified as successful the experiments of transferring the Sokolov-Sarbay oar refinery in Kustanay region, and the Pavlodar aluminum plant to new owners. The Premier specially mentioned that Russia has also displayed interest in the experience of Kazakhstan government.

As far as possible investors are concerned, both domestic companies and firms from any near or distant foreign country may act in this capacity, Qazhygeldin said. There even exists a possibility of giving the enterprise away "for free" in exchange for large investment injections, the Kazakh head of government stressed.

Agreement on Russian Troops Ratified

LD1907110795 Moscow ITAR-TASS World Service in Russian 0703 GMT 19 Jul 95

[By an ITAR-TASS correspondent]

[FBIS Translated Text] Almaty, 19 Jul — A decree by Kazakhstan's President Nursultan Nazarbayev on the ratification of an agreement with Russia on the status of Russian military formations temporarily on the territory of Kazakhstan was published here today. This decree was an important step in the practical implementation of the accords reached at the beginning of this year by the Russian and Kazakhstani presidents in Moscow, where a large package of documents concerning bilateral economic, political, military and technical and other relations was signed.

At the time, the press noted that "these fraternal states are significantly ahead of other CIS countries in the integration processes and are capable of resolving the many problems which have arisen in connection with the collapse of the former USSR." But whereas Kazakhstan has already ratified virtually all of the acts signed by the president, Russia has not signed any of the January documents. An official from the Kazakh president's office, who asked not to be named, acknowledged in a conversation with the ITAR-TASS correspondent that it was easier for Nursultan Nazarbayev than for Russia to carry out the ratification procedures since there was no parliament in the republic. He also noted that the citizens of the two neighboring countries were waiting for the signed documents to be implemented.

Tajikistan

Prime Minister Says Privatization 'Urgent'

LD1807145495

[FBIS Editorial Report] Dushanbe Radio Tajikistan Network in Tajik at 0500 GMT on 18 July reports that Tajik Prime Minister Jamshed Karimov has told a World Bank delegation that the government regards privatization as an "urgent issue." Karimov told the delegates during a meeting in Dushanbe on 17 July that the government's draft economic reform package includes a privatization program, and that "the government of the republic is paying a great deal of attention to this urgent issue," according to the report. The package also includes measures to create and promote commercial banks.

Karimov also drew the delegates' attention to a government resolution on fully liberalizing prices and promoting the raw materials and stock exchanges, according to the radio report. The head of the World Bank delegation, identified as Mustafa Ruis, says: "The World Bank is considering the possibility of granting a long-term credit to Tajikistan," and that this issue would be discussed at continuing talks this autumn.

Turning to the issue of Tajikistan's foreign debt, Ruis says: "The World Bank leadership hoped that the leaders of Tajikistan will find positive ways of solving this issue." Ruis says the aim of the visit was to determine the main directions of reform and to render concrete assistance to Tajikistan, with a view to "accelerating the process of reform."

Tajik National Bank Chairman Murodali Alimardonov and Finance Minister Anvarsho Muzaffarov also attended the meeting, as did two other World Bank officials identified as Ruzi Hashemi and Les Bradford.

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Peace Talks Resumed With Opposition in Tehran

LD1907100095 Tehran IRNA in English 0912 GMT 19 Jul 95

[FBIS Transcribed Text] Tehran, July 19, IRNA — Tajikistan peace talks resumed here Wednesday [19 July] between senior government officials and opposition leaders of the republic.

Tajik President Emomali Rakhmanov and his delegation comprising foreign minister, vice president and labor minister were present at the talks.

The opposition delegation to the talks includes Sayed Abdullo Nuri, Akbar Turdzhanzada, Dowlat Othman, Atakhan Latifi and Khaleqnazar. [names as received]

The two sides underlined their common will for unity and territorial integrity of their country.

Opening the talks, Iran's Foreign Minister 'Ali Akbar Velayati expressed hope that the Tehran meeting will bear effective fruits for the achievement of a just and comprehensive peace.

He said that Iran is a country where Tajiks feel some attachments, therefore, is the best venue for negotiations between state authorities and leaders of opposition groups.

Velayati underlined President Akbar Hashemi-Rafsanjani's efforts to solve Tajikistan crisis.

He expressed concern over possible misuse of the status quo by enemies of Tajik people, adding that no efforts should be spared in revitalizing religious and cultural values in that country.

He said vicious hands were at work to weaken Tajik people and disintegrate Tajikistan or even annihilate the country. But, he stressed, they would not see that day.

The Iranian foreign minister noted that the issue of Tajikistan should not be turned into an international crisis such as in Cambodia and Vietnam.

He expressed hope that the two sides would abide by the commitments they undertake during the talks in order to guarantee establishment of peace in their country.

Velayati said that such a responsibility should be undertaken both by President Rakhmanov and Nuri in order to pave the way for materialization of the agreements to be reached.

President Rakhmanov, confirming Velayati's statements, said that there was a solution to every problem and that efforts which had been made should be followed until the final solution to the problem.

Meanwhile, Abdullo Nuri who leads the opposition group, appreciated Iran's efforts for the settlement of the Tajikistan crisis and establishment of a national reconciliation in the country.

He said that problems have been imposed by the enemies of Tajik people and should be settled soon. But, he stressed, what is important is that the two sides come to a consensus for a national reconciliation since through unity all conspiracies would be thwarted.

He said the consensus should embody all strata of people in order to meet all national and religious aspirations of the Tajik people.

The talks were later continued between the two parties. President Rafsanjani is expected to take part in the final stage.

Iran's 'Pressure' on Tajik Opposition Noted

LD1907100595 Moscow ITAR-TASS in English 0821 GMT 19 Jul 95

[By Oleg Kuzmin]

[FBIS Transcribed Text] TEHRAN, July 19 (ITAR-TASS) — Talks between President Emomali Rakhmanov of Tajikistan and Abdullo Nuri, leader of the Tajikistan Islamic Revival Movement, began here on Wednesday morning [19 July]. The talks are being held in the Presidential Palace and are being possibly watched by Iranian President 'Ali Akbar Hashemi-Rafsanjani, an Iranian Foreign Ministry spokesman has told ITAR-TASS. The spokesman declined to elaborate.

Rakhmanov has been in Iran on an official visit and stayed here somewhat longer than planned specially for a meeting with Nuri.

It has become known from informed sources, this meeting became possible due to Iran's active pressure on the Tajik Islamic opposition.

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Islamic Party Head Views Political Events

954F2797A Baku ZERKALO in Russian No. 25, 8 Jul 95 p 2

[Article by Azerbaijan Islamic Party leader Gaji Ali Ikram under the rubric "Facts, Events, Comments: Viewpoint": "In Our Struggle Against the Enemy We Should Count on God"]

[FBIS Translated Text] In this issue, Azerbaijan Islamic Party leader Gaji Ali Ikram comments on the events of the week.

In the name God, the merciful, the almighty.

As we come to the end of this week, the tension of the previous week continues. The campaign against Sudan, which international reactionary forces accuse of organizing an assassination attempt on President of Egypt Husni Mubarak, continues. The course towards Islam taken by Sudan has been bothering the West for nearly six years. As to the assassination attempt, this is a logical result of Egypt's defeatist (not peaceful!) policy in relations with Israel. It is not accidental that the Jamat Islami organization, operating in Egypt, claimed responsibility for the assassination attempt. The assassination of Anwar Sadat, committed 14 years ago, also was organized by Jamat Islami. As the saying goes, no comment is needed.

Russia's peace negotiations with Chechnya also are significant. The latest events in Tajikistan, the intensification of the war in Bosnia, and finally, the groundless accusations against brotherly Iran appearing in the Azerbaijani press indicate that opposition to the Islamic world is being directed from one center.

The United States once again reaffirmed the 907th amendment, aimed against Azerbaijan, and our politicians-businessmen, who take a pro-Western position, were upset. In reality there was nothing surprising in this. Our mineral riches have been handed over to the United States, which on top of this got its hands for at least 30 years on 45 percent of the revenue from our oil, and the American company Amoco—the lower floors of the MFA [Ministry of Foreign Affairs] building. I am curious, what else has the United States set its sights on? I assume that the purpose of the visit to Baku by the adviser to former President Bush was not only for the sake of dispelling our "disappointment." The lines from the famous folk song unwittingly come to mind: "Even if you never love me, I will still love you."

It is regrettable that in the international arena the topic of Azerbaijan's oil has pushed to the back burner the question of liberating Azerbaijani territories occupied by the Armenians.

In our struggle against the enemy we should first of all count on God, and then on our own strength. If our intent to build an independent Azerbaijani state is sincere and we will hold free elections in order to elect a legitimate parliament in place of the toy Milli Mejlis, why are we being so attracted to the United States-Israel duo? Russian Ambassador V. Shoniya during his remarks on Azerbaijan television even suggested that the key to Karabakh is in the hands of the United States and that it is the United States that got Russia involved in this conflict.

We have to remember that while the occupation of Azerbaijani territories began in 1992, Israel's occupation of Palestine has continued since 1948. For 48 years the city of al-Quds (which the Jews call Jerusalem), the site of the al-Aqsa mosque—a holy worship place for Muslims—has been under the dirty Zionist thumb. But the reality is that enmity is being sown between two brotherly Islamic states (Egypt and Sudan).

We must learn from these events.

Official on Oil Sector Financial Woes

954F2790A Baku VYSHKA in Russian 8 Jul 95 pp 2, 4

[Interview with Rizvan Vagabov, acting chairman of the State Committee on Fuel, by Raufi Kender; place and date not given: "Where Is the Oil Workers' Money?"]

[FBIS Translated Text] [Kender] Rizvan Akiyerovich, you know that during the past three years the State Committee on Fuel has not fully paid for deliveries of petroleum products by the state oil company. There is no money in the accounts of the oil workers. Construction and drilling have been halted, free collective food service has been stopped, kindergartens are not being financed. The people have not been paid their wages for three months. Families are in a state of poverty. As of today the debt of the State Committee on Fuel has reached 600 billion manat. If this continues, a rapid decline in oil production is inevitable.

[Vagabov] Yes, that is true. Our debt has reached astronomical figures. We understand that the oil branch is on the verge of shutting down. This is terrible because we are like mountain climbers holding on to the same rope. We will all fall together. We must work together to find a way to be rescued. I bow to the oil workers. The Day of Victory was celebrated recently. Speaking to the veterans I said: "Were it not for Azerbaijan's oil, we would not have been victorious over fascism." In all times with all the political upheavals the oil workers have remained patriots of their fatherland. They work and they should receive money for the oil

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they produce. Many people think that the main party to blame for their problems is the State Committee on Fuel. That is a deception. The mass nonpayments are leading to disaster because petroleum products are being delivered to especially important branches of the economy practically free of charge. As of today we clients are owed a half trillion manat.

The largest debtors are: the Ministry of Agriculture—about 153 billion, Azerenerzhi—222.5 billion, Azerigaz—31 billion, Azerkhavayollary—36 billion, Azeravtonagliyat—17 billion, the city executive power of Baku—15 billion, the Ministry of Trade—11 billion, the Ministry of Material Resources—4 billion, and others. Petroleum products are being delivered every day, but we are receiving no money.

[Kender] Let us look at the structure of the debt of the Ministry of Agriculture in the various regions: Barda—10 billion manat, Shamkhor—8 billion, Salyany—7.5 billion, Agdzhadedinskiy Rayon—6.5 billion manat. And these are all rich cotton growing regions. It is known that it takes 110 grams of cotton fiber to make one man's shirt. Azerbaijan's cotton is enough for half of Europe. It is now going for exports, but where are the proceeds?

[Vagabov] I agree with you. The rural residents have commodities—cotton and wine and cognac and tobacco—so there is money to be made. But everyone takes the fuel free of charge because they have been given an opportunity to do that. Recently I was travelling to Kyurdamir and saw men standing along the road with barrels, selling our gasoline at 700-800 manat per liter. How did the private entrepreneurs get hold of the state's commodities?

(VYSHKA addresses this question to the law enforcement organs.)

[Kender] But why does the Lyankyaran zone have relatively favorable economic indicators—3.5 billion manat in accounts receivables for five regions? After all, they plant and harvest less there?

[Vagabov] In the Lyankyaran zone, which includes Astarinskiy, Lerikskiy, Yardymlinskiy, Masallinskiy and Lyankyaranskiy Rayons since 1987, on the initiative of Gaydar Aliyevich Aliyev, when he was first deputy chairman of the USSR Council of Ministers, the Voroshilovgrad system of supply of petroleum products has been in effect. Its essence is that the kolkhozes and sovkhozes receive fuel and lubricants directly from the petroleum bases without intermediaries. In other rayons the fuel is obtained from the petroleum bases by the rayon material and technical supply administrations and they divide it up among the farms. The intermediary is a superfluous middle link where the control over the quality and quantity of petroleum products is lost. We have repeatedly appealed to the Cabinet of Ministers to shift to the Lyankyaranskiy method everywhere, but so far we have received no support.

[Kender] But still there is the president's edict not to deliver products without preliminary payment. Why are you violating it?

[Vagabov] Let us say that we shut off all our faucets and gave nobody any gasoline or fuel oil or diesel fuel. Then the equipment on the fields and fronts would grind to a halt, transportation would stand still, the water supply would stop, and bread would no longer be baked and delivered. In order to prevent disaster and chaos there is also an instruction from the government according to which petroleum products can be released without prepayment.

[Kender] And you do not want the State Committee on Fuel to become a part of the State Petroleum Company, which the oil workers are insisting on.

[Vagabov] The State Committee on Fuel answers to the president, the Supreme Council, and the Cabinet of Ministers. If the government were to decide to merge us into one, it would lose control over the supply of petroleum products for the national economy. Times are too difficult now. The war has not ended and industry is paralyzed. In order for all to survive, we must not disturb the well-arranged structure, and therefore literally a month and a half ago, on 17 May of this year, the status of the State Committee on Fuel as a ministry was approved and its functions were expanded by a new statute adopted by the Cabinet of Ministers. Our committee has been instructed to purchase coal and fuel oil outside Azerbaijan in order to cover the shortage of our own gas. We have already actively entered into this work in order to provide fuel for the winter for electric power plants, residential buildings, schools and hospitals. We have been put in charge of export deliveries as well.

Fuel supply organizations have been created since the beginning of the working of the oil fields and they have always existed separately.

The State Committee on Fuel was created in 1949. We have immense facilities: product pipelines, reservoirs, service racks, and automotive refueling stations. The creation of optimal conditions for storage, quality control, pumping, and transportation of petroleum products and the organization of trade—this involves complicated technological and engineering work. More than 8,000 professionals work on it. Petroleum fuel is a strategic commodity and should be under direct state control.

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[Kender] What is the average wage of workers of the State Committee on Fuel?

[Vagabov] About 54,000 manat. We are a budget-financed organization.

[Kender] Are there ever delays in payment?

[Vagabov] There are. As in all branches.

[Kender] How is the state order being filled?

[Vagabov] For us the state order means providing all organizations and branches of the national economy with the required quantity of petroleum products, which includes fuel oil, diesel fuel, aircraft fuel, gasoline, and motor oil and lubricants. During five months of this year the plan for wholesale trade was fulfilled by 100 percent.

[Kender] And what is the situation in retail trade?

[Vagabov] Every day we deposit 1 billion manat in cash in the bank. These are proceeds from the aircraft refueling stations. It goes to pay wages to budget-financed organizations, pensions, and stipends.

Each month the State Committee on Fuel must sell 81,000 tonnes of products for cash, mainly gasoline of various grades. We actually manage to sell 22,000-23,000 tonnes. We are now prepared to sell gasoline and diesel fuel. We are looking for customers. The people who sell stolen gasoline are taking them away. Their prices are lower than state prices.

[Kender] What are you doing to limit the theft?

[Vagabov] First of all, at the present time at the government level on our initiative we are solving the problem of replacing the standard coupons for fuel and lubricants. They account for 30 percent of the sales and create conditions for machinations. The coupons are securities. They are printed at the mint in St. Petersburg and they cost the republic a great deal. Now it is impossible to take them out of Russia. Moreover, we have found counterfeit coupons in circulation—it is easy to make them if you have computer equipment. This causes immense harm to the economy. And therefore vehicles will be refueled only for "real" money and transfers through the petroleum bases.

In order to prevent theft at the present time we have set up efficient joint work between the state petroleum inspectorate and law enforcement organs. They provide for joint monitoring of the observance of fund discipline and economy in the utilization of petroleum products in all branches of the economy. They will have to close down the booths along the roads that sell state gasoline at prices below state prices.

[Kender] In your view, with your experience, what constructive measures should be taken in order for oil workers to be paid for the oil they produce?

[Vagabov] I think the situation could be changed for the better if the zero option were applied with respect to mutual nonpayments or existing debts were frozen and petroleum products were to be delivered only after preliminary payment, in compliance with the president's edict.

[Kender] Thank you.

Georgia

UN Envoy Urges 'Special Status' for Abkhazia

LD1807152195 Moscow INTERFAX in English 1229 GMT 18 Jul 95

[FBIS Transcribed Text] TBILISI, July 18 (INTERFAX) — Abkhazia must be granted a special political status to ensure the settlement of the Georgian-Abkhazian conflict, the U.N. secretary-general's personal representative Edward Brunner told reporters in Tbilisi. Brunner completed his three-day familiarizing trip to Georgia on Tuesday [18 July].

He believes that the settlement process must be based on the principle of Georgia's territorial integrity and on the unconditional return of the refugees to Abkhazia.

The Georgian leader's advisor Irakli Machavariani told Interfax that the talks "are not hopeless as some believe", and that "they may be resumed any moment depending on the sides' readiness."

Foreign Minister Wants Abkhaz Talks Continued

LD1907111095 Moscow INTERFAX in English 0939 GMT 19 Jul 95

[FBIS Transcribed Text] TBILISI, July 19 (INTERFAX) — Georgia's Foreign Minister Aleksandr Chikvaidze comes out for continuing the talks on the settlement of the Georgian-Abkhazian conflict. He told Interfax on Wednesday that attempts to force the solution of the problem or approach it from a radical pisition will only spoil everything.

He also announced that he made his position clear during the recent talks with the U.N. secretary-general's personal envoy Edward Bruner.

Chikvaidze noted that during those talks the Georgian side's demands had been reaffirmed. They are the return of the refugees to Abkhazia and the rejection of the idea of the so-called union state: Abkhazia must be part of Georgia.

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In his opinion, this conflict cannot be settled without Russia's active participation.

Shevardnadze Achieves 'Double Victory' Over Opposition

AU1907105195 Tbilisi MIMOMKHILVELI in Georgian 13-19 Jul 95 p 1, 2

[Unattributed report: "On 4 July, Georgia Crossed the Rubicon"]

[FBIS Translated Text] The parliamentary session of 4 July is significant, first and foremost, from the point of view that the situation in the so-called "opposition wing" of the political spectrum finally became clear. On that day, the head of state achieved a double victory: First, he succeeded in getting the decision made on the elections, which he wanted and needed so much and, second and most important, he clearly showed the country that the parliamentary opposition is not united, that there are "underlying currents" in it that are eroding political principles. The parties that are formally in opposition to Shevardnadze are vacillating and (in their view) seeking paths that will lead to the future victor.

A simple analysis is sufficient to prove this. As is known, for several days before the 4 July session, intensive consultations were taking place between the political forces. Already then, differences was shaping out between the "Republicans," "National-Democrats," and "Traditionalists" on the one hand and the "Ilya Chavchavadze Society," the National Independence Party, and the Merab Kostava Society on the other. The latter three categorically refused to take part in consultations, which really cannot be explained by their small representation in Parliament. After all, would not everyone have an equal vote during the consultations? As can be seen, in this way, they have simply disassociated themselves from Shevardnadze so as not to give him the chance to declare the decision as conforming fully to the will of the political elite. Frankly speaking, if their position will not bring them final victory, it is, any rate, more principled and consistent. You cannot accuse a politician of organizing political murders in the country and deliberately betraying the country's interests and, at the same time, conduct "consultations" with him to "reach a compromise." Such a "compromise" and its subsequent preservation are even more shameful from the moral point of view.

As a result of the "consultations," a document was drawn up to have presidential and parliamentary elections held simultaneously on 4 November 1995; Parliament should adopt the new Constitution by 27 July and, if it fails to gather the necessary number of votes (151), the new Law "on Power" will be put to a referendum on 20 August. The "Republicans" refused to support the decree at the last moment. They, for some reason, thought that everything depended precisely upon them, but the result of the vote proved to be unexpected. Judge for yourselves: There were 167 deputies (60 from the opposition) present at the session and 133 voted for the decree. Therefore, in spite of the categorical position taken by the "Republicans" at the last moment, there is no doubt that their "natural allies" the "Traditionalists" and the "National-Democrats" voted for the decree! The "Republicans" suffered a severe defeat and they were defeated by those forces with whom they are already in alliance and with whom they intend to create an electoral alliance in the future! In truth, Georgia's political life has an inexhaustible "supply" of examples of the absurd.

Eduard Shevardnadze, however, achieved a significant political victory. What is most important in the decree adopted is the paragraph on the referendum. A nationwide vote can be held according to the parliamentary decree but, in view of the fact that such a decision has already been made, the head of state is being given the unique opportunity to set a referendum for 20 August in accordance with his own edict and, what is most important, according to this same edict, to submit to it the corresponding chapters of the Constitution prepared by the Constitutional Commission, which determine relations between the president, Parliament, and government. This variant will undoubtedly be approved in the referendum while the opposition, in order to avoid a national vote, will be forced once more to become involved in consultations and to make concessions so as to "soften" at least slightly the constitutional norm on the priority given to the president's rights in forming the government. Otherwise, if it does not make a compromise, the variant that is wholly unacceptable to it (the opposition) will be put to a referendum and will be victorious. As can be seen, Shevardnadze will make certain concessions; for example, he may concede to the opposition that, in the event that the Cabinet presented by the president is not approved, it can be approved by a simple majority in Parliament itself, only on condition that the five main ministers (defense, security, internal affairs, foreign, and finance) will again be appointed by the president.

However, all this political "trading" is going on with the aim of diminishing the importance of the parliamentary opposition as a "realistic alternative" in the eyes of the electorate. Proceeding from distinctive Georgian ethnic and psychological features, the elector cannot tolerate duplicity on the part of politicians and "deals struck behind the scenes" when the final choice depends precisely upon him and not "parliamentary speculations." If

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the current opposition does not take this psychological factor into account in the future elections, the people's choice will again be clear-cut and categorical.

'Political Maneuvering' Reported in Caspian Oil War'

AU1907091095 Tbilisi MIMOMKHILVELI in Georgian 13-19 Jul 95 p 1, 2

[Unattributed report: "The Secret War for Caspian Oil Is Entering a New Phase"]

[FBIS Translated Text] The regular meeting of heads of member states of the Black Sea economic alliance in Bucharest [on 30 June] formally ended without results, as has been the three-year history of this eclectic regional association. However, the Bucharest meeting will already enter history because, for two days, it was transformed into the arena of a fierce secret struggle for the "big oil in the Caucasus" and, from this point of view, very important results were achieved.

First and foremost, it should be pointed out that, since the creation of this association (1992), Georgian society has overlooked one important fact: BSEC [Black Sea Economic Cooperation], in the main, unites those countries that, over the centuries, have entered the Turkish state's sphere of influence or, by creating this regional organization (we remind you that the constituent conference was held in Istanbul), Turkey was trying in some way to establish its own geopolitical space with the initial aim of symbolically delineating its borders and subsequently transforming it into its own sphere of political and economic activity. Of course, this was quickly understood in Moscow and this is why, with the exception of the first meeting, Russia's participation does not exceed the level of deputy prime minister whereas the Turkish president regularly participates in BSEC's summit meetings.

Today, when, to all intents and purposes, a secret war is going on between Turkey and Russia over acquisition of the transport route for the Caspian's "big oil," BSEC has become a useful and serious argument for Turkey. Therefore, it is not by chance that those most important decisions that we mentioned earlier were adopted precisely in Bucharest.

Naturally, since its creation, BSEC has held an important place in the geopolitical concept of the United States and American strategists have not been mistaken. Today, when it has become necessary to balance Russia's influence in the "Eurasian corridor," Turkey's dominating role in the BSEC space has fulfilled its function. However, on the other hand, the region's small states have been given the chance to engage in political maneuvering. In Bucharest, the view was expressed for the first time (as yet, only behind the scenes) that it was wholly possible for both routes — through Russia and Georgia — to be used at the same time to transport oil from Azerbaijan's Caspian coast to the West. The official explanation for this is that it would be useful to pump a large amount of oil in parallel to the terminals in the Mediterranean Sea. However, the political factor is quite obvious as well. As can be seen, the West wants there to be an alternative route for transporting the "big oil" so that the Kremlin will be unable to obtain political as well as economic dividends during the transportation of fuel from its former dominion. Such political solitaire unfolds big opportunities before Georgia. To all intents and purposes, for the first time during the last few years, our country is being presented with a real choice and the possibility of "equal trade." A political and economic knot is being tied in Georgia and neither Russia nor Turkey is able to sever this (for objective reasons). Therefore, they are obliged to "bargain" with Georgia and make certain concessions. For example, if, just one year ago, Russia demanded that Georgia should agree to an energy alliance on crushing terms (with the transfer of the controlling block of shares to Russia), it is already possible today that Russia will agree to leave the controlling block in Georgia's hands on condition that Georgia gives certain guarantees concerning the oil pipeline. This pipeline is so important for the Kremlin that, in the context of this interaction, [Abkhazian leader] Vladislav Ardzinba can be completely crushed, as, compared with Georgia, Abkhazia becomes so insignificant and worthless to Russia. This is particularly so if we take into account other factors such as the current war in Chechnya and Turkey's growing participation in it, the prospects for the transportation of Russian natural gas to Turkey (again via Georgia), and so forth. To all intents and purposes, whether we wanted it or nor, the Caucasus and specifically Georgia is acquiring great geopolitical significance on account of the "energy syndrome." However, taking advantage of this opportunity already depends upon a wholly subjective factor.

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Estonia

Prime Minister Slezevicius Leaves for Minsk

*WS1807142795 Tallinn BNS in English
1000 GMT 18 Jul 95*

[FBIS Transcribed Text] Vilnius, Jul 18, BNS — Lithuanian Prime Minister Adolfas Slezevicius left for Minsk on Tuesday [18 July] for a one-day working visit.

The Lithuanian premier is to meet with his Belarussian counterpart Mikhail Chyhir to discuss the ratification and implementation of earlier signed agreements between the two countries.

Other subjects on the agenda include the supply of Lithuanian electric energy to Belarus and the export of oil products through the Lithuanian seaport of Klaipeda.

Slezevicius is accompanied by a government delegation which includes Industry and Trade Minister Kazimieras Klimasauskas, Energy Minister Arvydas Lescinskas, Customs Department Director Vitalijus Gerzonas, Deputy Foreign Minister Rimantas Sidlauskas, Deputy Transportation Minister Algirdas Sakalys and some other officials.

During the meeting, the sides are expected to sign accords on the avoidance of double taxation, the exchange of buildings for diplomatic missions and a transportation agreement.

Slezevicius also plans to visit the new Lithuanian embassy in Minsk.

Foreign Ministry Concerned Over Serb Attacks

*WS1807091395 Tallinn BNS in English
1656 GMT 17 Jul 95*

[FBIS Transcribed Text] Tallinn, Jul 17 (BNS) — The Estonian Foreign Ministry on Monday [17 July] expressed concern over the situation in Bosnia and Herzegovina and denounced attacks by Serb units against U.N. safe areas in the region.

Failure to ensure protection of the safe areas and abstention from measures involving the use of force, for which a mandate has been given by the U.N. Security Council, are undermining the world body's reliability in the resolving of crises, the ministry says.

The Foreign Ministry expressed serious concern over worsening humanitarian situation and continuation of ethnic cleansing in Bosnia.

Estonia says decisive international interference, including through the involvement of a rapid reaction force, is vital for the protection of Bosnia's civilian population and the U.N. peacekeepers as well as for the distribution of humanitarian aid, as provided for by U.N. Security Council resolutions.

Russian Military Agreement Submitted to Parliament

*LD1907111895 Moscow INTERFAX in English
0939 GMT 19 Jul 95*

[FBIS Transcribed Text] TALLINN, July 19 (INTERFAX) - The Estonian Foreign Ministry has submitted the Estonian-Russian agreements on withdrawal of Russian troops and social guarantees to military pensioners for government consideration, Estonian Prime Minister Tiit Vahi told INTERFAX.

In his words, the government will discuss the agreements and submit them to the parliament for ratification "before September 30, 1995" (the beginning of the parliament's fall session - IF). Vahi said that the agreements will not be submitted to the extraordinary session convened by the cabinet on August 1-2.

Parliament commissions need much time to acquaint themselves with the documents and "I doubt they will make it before September 30," said the government head. "We will not convene another extraordinary session for the discussion."

The agreements were signed by Presidents Lennart Meri and Boris Yeltsin on July 26, 1994, in Moscow. The Russian state head passed them over to the State Duma for ratification on January 24. Many Estonian politicians and political organizations objected to the ratification of the military agreements, especially in the part of Russian military pensioners. Deputy Russian Foreign Minister Sergei Krylov said in Tallinn last week that this problem "becomes a priority of the Estonian-Russian relations."

Government Approves Amendments to Citizenship Law

*LD1807185295 Moscow ITAR-TASS in English
1754 GMT 18 Jul 95*

[By Albert Maloveryan]

[FBIS Transcribed Text] TALLINN, July 18 (ITAR-TASS) — The Estonian government has approved draft amendments to the law on citizenship and passed them over to the parliament. The most significant amendment provides for an increased annual quota on naturalization for special services, reports the governmental press service.

Under the law that entered into force in April 1995, Estonian citizenship for services to the state can be given only to five persons. The government thinks this

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quota is too small, because four candidates of this year were named by the old cabinet before its resignation.

The Estonian law allows to submit a naturalization application to persons who have a permanent residence permit, settlement qualification of no less than five years and the knowledge of the state language and the Estonian laws. This is checked by special commissions at examinations. The language requirements remain a major obstacle on the way of naturalization of Russian-speaking residents of Estonia.

The majority of the local Russian-speaking community does not have Estonian citizenship. The number of persons naturalized by Russia is increasing. The Russian citizenship can be obtained without any examinations or qualifications.

Latvia

Agreement Signed on Sending Troops to Croatia

WS1907114495 Tallinn BNS in English 0940 GMT 19 Jul 95

[FBIS Transcribed Text] Riga, Jul 19 (BNS) — An agreement with the Latvian Defense Ministry on participation in the peacekeeping mission in Croatia in ranks of the Danish battalion was signed Tuesday by 32 from the 37 Latvia's platoon soldiers.

The other soldiers could not arrive in Riga on Tuesday and will sign the agreement in the next couple of days.

National Armed Forces (NAF) Staff's official Juris Kiukucans told BNS that the agreement provides for a monthly salary no smaller than 400 lats and the volume of pension in case the soldier's disability. If a soldier perishes, his family or parents will be given a single allowance of 30,000 U.S. dollars.

All expenses, connected with the upkeep of the unit will be covered from the U.N. budget after the mission is completed.

Some of the Latvian platoon soldiers will leave for Croatia at the beginning of August, and the rest — on Aug. 16. According to the service plan, participation in the peacekeeping mission will last until February or March of 1996. In November, all soldiers will have vacation which they will be able to spend in Latvia.

Prime minister's adviser in defense issues Karlis Druva told BNS that the Saeima will take a decision on the unit's participation in the peacekeeping mission in Croatia on July 26 or 27.

Soldiers who signed the agreement will leave for Denmark one more time to undergo preparations for participation in the peacekeeping mission. They underwent the first stage of trainings in Denmark in June.

Protocol Signed With Moldova on Product Exchange

LD1807152695 Riga Radio Riga Network in Latvian 1200 GMT 18 Jul 95

[FBIS Translated Text] A Moldovan delegation is continuing its visit to Latvia. Inesis Feiferis, state secretary at the Ministry of the Economy, and Vasile Florea, deputy Moldovan economy minister [name and title as heard], today signed a protocol of agreement on supplies of products in 1995.

By this protocol Moldova undertakes to buy 60 Latvian-made minibuses, capron textile thread, synthetic fiber, and medicines. Latvia for its part will buy Moldovan-made corrugated paper and packaging, tomato paste, as well as still and sparkling wines. However, neither side is granted any relaxation of customs tariffs for transporting the purchased goods.

To discuss opportunities for economic cooperation between the two countries, Florea today also met Minister of Economy Janis Zvanitajs.

Lithuania

IMF To Grant Vilnius $32 Million Loan

LD1807212495 Moscow INTERFAX in English 1845 GMT 18 Jul 95

[FBIS Transcribed Text] VILNIUS, July 18 (INTERFAX) — The International Monetary Fund (IMF) will soon grant Lithuania SDR [special drawing rights] 20.7 million ($32 million), another part of its loan worth a total of SDR 134 million (over $200 million), Lithuania's Finance Ministry told INTERFAX Tuesday [18 July].

Ministry officials explained their statement saying a recent meeting of the IMF board in Washington was positive about the progress of economic reforms in Lithuania.

In October 1994, Lithuania concluded a three-year treaty on cooperation with the IMF. According to the document, the IMF will grant the republic a loan of SDR 134 million in several tranches provided the IMF is positive about the progress of the republic's economic reforms.

The IMF granted Lithuania the first tranche of the loan, worth about $32 million, for 10 years in October 1994. The money was used to fund a number of investment projects in energy production and in other areas.

According to the officials, half of the next tranche will be used to replenish the republic's hard currency reserves, while the other one will be used to fund other investment projects. Some funds will be used to cover

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the budget deficit emerged due to the founding of a $4.5 million reconstruction fund of, the purchasing of a Boeing passenger jet and so on.

Lithuania's Prime Minister, Adolfas Slezevicius, told a news conference last week that the positive assessment of the republic's economic reforms will enable it to receive another $100 million loan from the E.U.

Military Leaders Detailed to Training in West

WS1907090195 Tallinn BNS in English
1900 GMT 18 Jul 95

[FBIS Transcribed Text] Vilnius, Jul 18 (BNS) — Several of Lithuania's top defense leaders are preparing for military studies in the West, according to the Defense Ministry's secretariat.

Deputy Defense Minister, Col. Jonas Gecas, leaves for Canada and the United States later this month for six-month English language training and to study defense policy at the Washington Defense College.

Col. Valdas Tutkus, chief of the General Staff, plans to go to Rome in fall for two-month military studies. Gen. Jonas Andriskevicius, Lithuanian armed forced commander in chief, intends to extend his military knowledge in Luxembourg.

Col. Arvydas Pocius, commander of the Voluntary State Defense Service, will begin long-term studies at the Hamburg Military Academy in February.

Meanwhile, Deputy Defense Minister, Cmdr. Eugenijus Nazelskis, and Lithuanian air force commander, Col. Zenonas Vegelevicius, last week returned from the Czech Republic where they completed courses on defense management and military strategy.

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